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SEABOARD CORP /DE/
Form 8-K
December 05, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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) December 3, 2003

Seaboard Corporation
(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------|---|
| Delaware | 1-3390 | 04-2260388 |
| (State or other jurisdiction of incorporation or organization) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| | |
|--|------------|
| 9000 W. 67th Street, Shawnee Mission, Kansas | 66202 |
| (Address of principal executive offices) | (Zip Code) |

(Registrant's telephone number, including area code) (913) 676-8800

Not Applicable
(Former name or former address, if changed since last report.)

Item 2. Acquisition or Disposition of Assets

On December 3, 2003, Seaboard Corporation (Seaboard) announced that it has completed the sale of 100% of its equity investment in Fjord Seafood ASA (Fjord) through a private placement by an investment banker to unknown third parties. This interest represents approximately 18.6 percent of Fjord's total outstanding shares. As a result of the transaction, Seaboard will receive net cash proceeds of approximately \$37,273,000 and will recognize a gain of approximately \$18,036,000, which includes approximately \$3,537,000 of foreign currency translation gains previously recorded through other comprehensive income. The gain will not be subject to income tax.

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Item 7. Financial Statements and Exhibits

(b) Pro forma financial information:

The investment in Fjord Seafood ASA was accounted for by Seaboard using the equity method. Accordingly, the following pro forma unaudited condensed consolidated financial statements of Seaboard reflect the pro forma impact of the disposition of its investment in Fjord on Seaboard's financial position and results of operations. The pro forma condensed consolidated statements of earnings are presented for the nine months ended September 27, 2003 and the year ended December 31, 2002, reflecting the pro forma adjustments as though the sale was consummated at the beginning of each period presented. A pro forma condensed consolidated balance sheet is presented as of September 27, 2003, reflecting pro forma adjustments as though the sale was consummated on that date. A description of each of the pro forma adjustments is included in the accompanying notes to the pro forma condensed consolidated financial statements. The following pro forma financial information is not necessarily indicative of the actual financial position or results of operations that would have resulted had the sale been consummated on the dates assumed, nor is it necessarily indicative of future operating results.

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SEABOARD CORPORATION AND SUBSIDIARIES
Pro Forma Condensed Consolidated Balance Sheet
September 27, 2003
(Thousands of dollars)
(Unaudited)

| | Historical | Pro Forma Adjustments | | Pro Forma |
|--|-------------|--------------------------|-----|-------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 25,903 | \$ 37,273 | (1) | \$ 63,176 |
| Receivables, net | 185,592 | - | | 185,592 |
| Inventories | 255,578 | - | | 255,578 |
| Other current assets | 85,069 | - | | 85,069 |
| Total current assets | 552,142 | 37,273 | | 589,415 |
| Investments in and advances to foreign affiliates | 66,771 | (21,165) | (2) | 45,606 |
| Net long-term assets | 649,838 | - | | 649,838 |
| Total assets | \$1,268,751 | \$ 16,108 | | \$1,284,859 |
| Liabilities and Stockholders' Equity | | | | |
| Total current liabilities | 334,551 | - | | 334,551 |
| Long-term debt, less current maturities | 313,888 | - | | 313,888 |
| Other long-term liabilities | 119,726 | - | | 119,726 |
| Total non-current and deferred liabilities | 433,614 | - | | 433,614 |
| Minority interest | 5,995 | - | | 5,995 |
| Stockholders' equity: | | | | |

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| | | | |
|--|-------------|-----------|-------------|
| Common stock of \$1 par value, Authorized 4,000,000 shares; issued and outstanding 1,255,054 shares | 1,255 | - | 1,255 |
| Accumulated other comprehensive loss | (58,237) | (2,638) | (3) |
| Retained earnings | 551,573 | 18,746 | (4) |
| Total stockholders' equity | 494,591 | 16,108 | 510,699 |
| Total liabilities and stockholders' equity | \$1,268,751 | \$ 16,108 | \$1,284,859 |

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SEABOARD CORPORATION AND SUBSIDIARIES
Pro Forma Condensed Consolidated Statements of Earnings
Nine months ended September 27, 2003
(Thousands of dollars except per share amounts)
(Unaudited)

| | Historical September 27, 2003 | Pro Forma Adjustments | Pro Forma September 27, 2003 |
|---|-------------------------------------|--------------------------|------------------------------------|
| Net sales | \$1,433,167 | \$ - | \$1,433,167 |
| Cost of sales and operating expenses | 1,316,421 | - | 1,316,421 |
| Gross income | 116,746 | - | 116,746 |
| Selling, general and administrative expenses | 80,638 | - | 80,638 |
| Operating income | 36,108 | - | 36,108 |
| Other income (expense): | | | |
| Interest expense | (20,393) | - | (20,393) |
| Interest income | 2,037 | - | 2,037 |
| Loss from foreign affiliates | (20,932) | 16,256 (5) | (4,676) |
| Minority interest | (452) | - | (452) |
| Foreign currency loss, net | (7,015) | - | (7,015) |
| Miscellaneous, net | 6,780 | - | 6,780 |
| Total other income (expense), net | (39,975) | 16,256 | (23,719) |
| Earnings (loss) before income taxes and cumulative effect of changes in accounting principles | (3,867) | 16,256 | 12,389 |
| Income tax benefit | 1,856 | - | 1,856 |
| Earnings (loss) before cumulative effect of changes in accounting principles | (2,011) | 16,256 | 14,245 |
| Net earnings (loss) per common share: Earnings (loss) per share before cumulative effect of changes in accounting principles | \$ (1.60) | \$ 12.95 | \$ 11.35 |
| Dividends declared per common share | \$ 2.25 | \$ - | \$ 2.25 |
| Average number of shares outstanding | 1,255,054 | | 1,255,054 |

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SEABOARD CORPORATION AND SUBSIDIARIES
Pro Forma Condensed Consolidated Statements of Earnings
Year ended December 31, 2002

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(Thousands of dollars except per share amounts)
(Unaudited)

| | Historical December 31, 2002 | Pro Forma Adjustments | Pro Forma December 31, 2002 |
|--|------------------------------------|--------------------------|-----------------------------------|
| Net sales | \$1,829,307 | \$ - | \$1,829,307 |
| Cost of sales and operating expenses | 1,679,264 | - | 1,679,264 |
| Gross income | 150,043 | - | 150,043 |
| Selling, general and administrative expenses | 102,918 | - | 102,918 |
| Operating income | 47,125 | - | 47,125 |
| Other income (expense): | | | |
| Interest expense | (22,659) | - | (22,659) |
| Interest income | 5,887 | - | 5,887 |
| Loss from foreign affiliates | (16,826) | 10,158 (5) | (6,668) |
| Minority interest | (1,087) | - | (1,087) |
| Foreign currency loss, net | (17,143) | - | (17,143) |
| Miscellaneous, net | (4,939) | - | (4,939) |
| Total other income (expense), net | (56,767) | 10,158 | (46,609) |
| Earnings (loss) before income taxes | (9,642) | 10,158 | 516 |
| Income tax benefit | 23,149 | - | 23,149 |
| Net earnings (loss) | \$ 13,507 | \$ 10,158 | \$ 23,665 |
| | | | |
| Earnings per common share | \$ 9.38 | \$ 7.06 | \$ 16.44 |
| Dividends declared per common share | \$ 2.50 | \$ - | \$ 2.50 |
| Average number of shares outstanding | 1,439,753 | | 1,439,753 |

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SEABOARD CORPORATION AND SUBSIDIARIES

Notes to Pro Forma Condensed Consolidated Balance Sheet and
Pro Forma Condensed Consolidated Statements of Earnings

- 1) Adjustment reflects the net cash proceeds from the sale of Seaboard's investment in Fjord of \$37,273,000.
- 2) Adjustment eliminates the balance of Seaboard's investment in Fjord as of September 27, 2003.
- 3) Adjustment eliminates the amount of foreign currency translation adjustment included in accumulated other comprehensive income related to Seaboard's investment in Fjord as of September 27, 2003. During the fourth quarter of 2003, Seaboard will record an additional foreign currency translation adjustment of \$899,000 resulting in total accumulated other comprehensive income of \$3,537,000 related to its investment in Fjord immediately prior to the sale.
- 4) Adjustment reflects the amount of gain that would have been recognized by Seaboard had the investment in Fjord been sold on September 27, 2003 compared to the actual amount of gain of \$18,036,000 which difference of \$710,000 represents Seaboard's share of Fjord's earnings to be recorded by Seaboard during the fourth quarter of 2003.
- 5) Adjustment eliminates from consolidated results Seaboard's share of Fjord's losses recognized in the Condensed Consolidated Statements

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of Earnings for the applicable time periods. No adjustment has been made with respect to the use of proceeds.

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SIGNATURE

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.

DATE: December 5, 2003

Seaboard Corporation

by: /s/ Robert L. Steer
Robert L. Steer, Senior Vice President,
Treasurer and Chief Financial Officer

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