

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1999-09-10** | Period of Report: **1999-07-30**
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FILER

BRIDGFORD FOODS CORP

CIK: **14177** | IRS No.: **951778176** | State of Incorporation: **CA** | Fiscal Year End: **1031**
Type: **10-Q** | Act: **34** | File No.: **000-02396** | Film No.: **99709205**
SIC: **2013** Sausages & other prepared meat products

Mailing Address
*1308 NORTH PATT STREET
P O BOX 3773
ANAHEIM CA 92803*

Business Address
*1308 N PATT ST
P O BOX 3773
ANAHEIM CA 92801
7145265533*

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 JULY 30, 1999

OR

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

FOR THE TRANSITION PERIOD FROM _____

COMMISSION FILE NUMBER 0-2396

BRIDGFORD FOODS CORPORATION
(Exact name of Registrant as specified in its charter)

CALIFORNIA
(State or other jurisdiction of
incorporation or organization)

95-1778176
(I.R.S. Employer
identification number)

1308 N. PATT STREET, ANAHEIM, CA 92801
(Address of principal executive offices-Zip code)

714-526-5533
(Registrant's telephone number, including area code)

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

As of September 10, 1999 the registrant had 11,369,812 shares of common stock outstanding.

Number of pages in this Form 10-Q 8

(end of cover page)

Page 1 of 8 pages

BRIDGFORD FOODS CORPORATION
FORM 10-Q QUARTERLY REPORT

INDEX

Part I. Financial Information

Item 1. Financial Statements

- a. Consolidated Balance Sheets
- b. Consolidated Statements of Income
- b. Consolidated Statements of Shareholders' Equity
- c. Consolidated Statements of Cash Flows
- d. Notes to Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition
and Results of Operations

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Part II. Other Information

Items 1-5 have been omitted because they are not applicable with respect to the current reporting period.

Item 6. Exhibits and Reports on Form 8-K

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 the undersigned thereunto duly authorized.

BRIDGFORD FOODS CORPORATION
(Registrant)

By: /s/ Robert E. Schulze

R. E. Schulze, President,
Principal Financial Officer

September 10, 1999

Page 2 of 8 pages

Item 1. a.

BRIDGFORD FOODS CORPORATION
CONSOLIDATED BALANCE SHEETS

<TABLE>
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	JULY 30 1999	OCTOBER 30 1998
	(UNAUDITED)	(AUDITED)
	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$26,831,952	\$22,272,141
Accounts receivable, less allowance for doubtful accounts of \$625,400 and \$582,787	10,308,826	12,072,818
Inventories (Note 2)	14,452,674	14,066,898
Prepaid expenses and other	1,523,568	2,147,081
Total current assets	53,117,020	50,558,938
Property, plant and equipment, less accumulated depreciation of \$30,322,577 and \$27,894,827	17,346,059	16,197,108
Other tangible non-current assets	10,076,465	9,036,895
	\$80,539,544	\$75,792,941
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,617,633	\$ 5,343,725
Accrued payroll and other expenses	7,073,400	6,373,886
Income taxes payable	481,125	1,590,125
Total current liabilities	11,172,158	13,307,736
Non-current liabilities	13,244,707	11,642,957
Shareholders' equity:		
Preferred stock, without par value		
Authorized - 1,000,000 shares		
Issued and outstanding - none		
Common stock, \$1.00 par value		
Authorized - 20,000,000 shares		
Issued and outstanding - 11,369,812 shares	11,426,695	11,426,695
Capital in excess of par value	26,347,123	26,347,123

Retained earnings

18,348,861

13,068,430

56,122,679

50,842,248

\$80,539,544

\$75,792,941

</TABLE>

Page 3 of 8 pages

4

Item 1. b.

BRIDGFORD FOODS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

<TABLE>

<CAPTION>

	13 WEEKS ENDED		39 WEEKS ENDED	
	JULY 30 1999	JULY 31 1998	JULY 30 1999	JULY 31 1998
<S> Net sales	\$ 32,356,312	\$31,782,572	\$102,054,843	\$99,601,109
Cost of products sold, excluding depreciation	18,911,321	18,844,676	58,851,023	59,568,873
Selling, general and administrative expenses	9,261,316	8,841,001	28,952,941	27,841,085
Depreciation	809,250	789,750	2,427,750	2,369,250
	28,981,887	28,475,427	90,231,713	89,779,208
Income before taxes	3,374,425	3,307,145	11,823,130	9,821,901
Income tax provision	1,282,000	1,256,000	4,493,000	3,732,000
Net income	\$ 2,092,425	\$ 2,051,145	\$ 7,330,130	\$ 6,089,901
Basic and diluted earnings per share (Note 3)	\$ 0.18	\$ 0.18	\$ 0.64	\$ 0.54
Cash dividends paid per share (Note 3)	\$ 0.06	\$ 0.055	\$ 0.18	\$ 0.164

</TABLE>

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
(UNAUDITED)

<TABLE>
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	Common stock		Capital in excess of par	Retained earnings
	Shares	Amount		
<S>	<C>	<C>	<C>	<C>
October 31, 1997	10,336,415	\$10,393,298	\$ 13,946,359	\$20,266,125
Net income				6,089,901
Cash dividends (Note 3) (\$.164 per share)				(1,863,778)
July 31, 1998	10,336,415	\$10,393,298	\$ 13,946,359	\$24,492,248
October 30, 1998	11,369,812	\$11,426,695	\$ 26,347,123	\$13,068,430
Net income				7,330,130
Cash dividends (\$.18 per share)				(2,049,699)
July 30, 1999	11,369,812	\$11,426,695	\$ 26,347,123	\$18,348,861

</TABLE>

Page 4 of 8 pages

5

Item 1.c.

BRIDGFORD FOODS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
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	39 WEEKS ENDED	
	JULY 30 1999	JULY 31 1998
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 7,330,130	\$ 6,089,901
Income charges not affecting cash:		
Depreciation	2,427,750	2,369,250
Provision for losses on accounts receivable	107,738	93,113

Effect on cash of changes in assets and liabilities:		
Accounts receivable	1,656,254	2,369,237
Inventories	(385,776)	1,570,871
Prepaid expenses and other	623,513	480,517
Other non-current assets	(1,039,570)	(389,976)
Accounts payable and accrued expenses	(1,026,578)	(1,116,799)
Income taxes payable	(1,109,000)	328,983
Non-current liabilities	1,601,750	611,778
	-----	-----
Net cash provided by operating activities	10,186,211	12,406,875
	-----	-----
Cash used in investing activities:		
Additions to property, plant and equipment	(3,576,701)	(968,022)
	-----	-----
Cash used for financing activities:		
Cash dividends paid	(2,049,699)	(1,863,778)
	-----	-----
Net increase in cash and cash equivalents	4,559,811	9,575,075
Cash and cash equivalents at beginning of period	22,272,141	12,377,932
	-----	-----
Cash and cash equivalents at end of period	\$ 26,831,952	\$ 21,953,007
	=====	=====
Cash paid for income taxes	\$ 6,397,000	\$ 3,813,000
	=====	=====

</TABLE>

Page 5 of 8 pages

6

Item 1.d.

BRIDGFORD FOODS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Comments

The consolidated financial statements of the Company for the thirty-nine weeks ended July 30, 1999 have been prepared in conformity with the accounting principles described in the 1998 Annual Report to Shareholders and include all adjustments considered necessary by management for a fair statement of the interim period. Such adjustments consist only of normal recurring items. This report should be read in conjunction with the Company's 1998 Annual Report to Shareholders. In November 1998 the Company sold land and recognized a pre-tax gain of \$615,432. This gain is netted against selling, general and administrative expenses in the accompanying consolidated statements of income.

Note 2 - Inventories

Inventories are comprised as follows at the respective periods:

<TABLE>
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	JULY 30 1999	OCTOBER 30 1998
	-----	-----
<S>	<C>	<C>
Meat, ingredients and supplies	\$ 5,141,541	\$ 3,694,898
Work in progress	1,697,883	1,353,000
Finished goods	7,613,250	9,019,000
	-----	-----
	\$14,452,674	\$14,066,898
	=====	=====

</TABLE>

Note 3 - Common Stock and Per Share Data

The weighted average shares used for computing basic earnings per share in the accompanying statements of income were 11,369,812 for all periods presented. Per share computations in fiscal year 1998 were recalculated to give effect to a 10% stock dividend declared November 16, 1998.

Page 6 of 8 pages

7

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-Q under Item 2., "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Form 10-Q constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Such forward looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of Bridgford Foods Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such factors include, among others, the following: general economic and business conditions; the impact of competitive products and pricing; success of operating initiatives; development and operating costs; advertising and promotional efforts; adverse publicity; acceptance of new product offerings; consumer trial and frequency; changes in business strategy or development plans; availability, terms and deployment of capital; availability of qualified personnel; commodity, labor, and employee benefit costs; changes in, or failure to comply with, government regulations; weather conditions; construction schedules; and other factors referenced in this Form 10-Q.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's operating results are heavily dependent upon the prices paid for raw materials. The marketing of the company's value-added products does not lend itself to instantaneous changes in selling prices. Changes in selling prices are

relatively infrequent and do not compare with the volatility of commodity markets. Costs for pork commodity products declined significantly in the early part of the first quarter of fiscal 1999. Commodity costs, in general, increased during the second and third quarters of the 1999 fiscal year and the Company anticipates such costs will continue to increase in the fourth quarter.

The Company has and will continue to make certain investments in its software systems and applications to ensure year 2000 compliance. The financial impact on the Company has not been and is not anticipated to be material to its financial position or results of operations in any given year. Detail disclosure regarding the Company's year 2000 plan and a discussion of risk factors is contained under Item 1., "Business" in Form 10-K for the fiscal year ended October 30, 1998.

Sales in the third thirteen-week period ended July 30, 1999 increased by \$574,000 (1.8%) to \$32,356,000 compared to the same period last year. Sales for the third thirteen-week period decreased \$783,000 (2.4%) compared to the previous period ended April 30, 1999. The sales increase compared to the third quarter of 1998 primarily relates to higher unit sales volume and changes in product mix. The sales decrease from the prior fiscal quarter primarily relates to lower unit sales volume and seasonal factors. Sales for the first thirty-nine weeks of 1999 increased \$2,454,000 (2.5%) to \$102,055,000 compared to the same period last year. The increase in sales primarily relates to higher unit sales volume.

Cost of products sold increased by \$67,000 (.4%) in the third quarter of the 1999 fiscal year to \$18,911,000 compared to the same period in 1998. Compared to the prior quarter, cost of products sold increased \$162,000 (.9%) despite lower sales volume as a result of changes in product mix and increasing pork commodity costs. Cost of products sold for the first thirty-nine weeks of 1999 decreased \$718,000 (1.2%) to \$58,851,000. The decrease in cost of products sold did not correspond to the sales increase in the first thirty-nine weeks of fiscal 1999 primarily as a result of lower pork commodity costs compared to the same period in the prior year.

Selling, general and administrative expenses increased by \$420,000 (4.8%) to \$9,261,000 in the third quarter of 1999 compared to the same period last year. The increase corresponds to the increase in sales volume. The increase in selling, general and administrative expenses outpaced the sales increase in the comparative periods primarily as a result of higher salaries and added personnel. Compared to the prior quarter, selling, general and administrative expenses decreased \$98,000 (1.1%). Selling, general and administrative expenses increased \$1,112,000 (4.0%) in the first thirty-nine weeks of fiscal 1999. The Company netted a \$615,000 gain on the sale of land against selling, general and administrative expenses in the first thirteen-week period of fiscal 1999. After giving effect to this adjustment, selling, general and administrative expenses increased \$1,727,000 (6.2%) in the thirty-nine week period. The increase in selling, general and administrative expenses outpaced the sales increase in the first thirty-nine weeks primarily as a result of higher salaries and added personnel to support increased distribution of the Company's products.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Continued)

Depreciation expense increased by \$20,000 (2.5%) in the third thirteen weeks of the 1999 fiscal year compared to the same period in 1998. Depreciation expense increased by \$59,000 (2.5%) in the first thirty-nine weeks of the 1999 fiscal year compared to the same period in 1998.

The effective income tax rate was 38.0% in the third quarter of fiscal 1999, consistent with the prior fiscal year and the prior quarter.

Cash and cash equivalents increased \$4,560,000 (20.5%) to \$26,832,000 during the first thirty-nine weeks of the 1999 fiscal year. The principal items favorably affecting the \$10,186,000 net cash provided by operating activities were net income of \$7,330,000, depreciation of \$2,428,000 and accounts receivable reductions of \$1,656,000.

Cash used in investing activities for the first thirty-nine weeks of 1999 and 1998 consisted of \$3,577,000 and \$968,000, respectively, in additions to property, plant and equipment. This amount reflects the Company's continued modernization of manufacturing facilities and investment in transportation equipment.

Cash used for financing activities consists of cash dividends in the amount of \$2,050,000 and \$1,864,000 in the first thirty-nine weeks of fiscal years 1999 and 1998, respectively.

The Company remained free of interest bearing debt during the first thirty-nine weeks of 1999. The Company's revolving line of credit with Bank of America expires April 30, 2001 and provides for borrowings up to \$2,000,000. The Company has not borrowed under the line for more than twelve consecutive years.

The impact of inflation on the Company's financial position and results of operations has not been significant. Management is of the opinion that the Company's strong financial position and its capital resources are sufficient to provide for its operating needs and capital expenditures.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not have significant overall currency exposure at July 30, 1999 and October 30, 1998. The Company's financial instruments consist of cash and cash equivalents and life insurance policies at July 30, 1999 and October 30, 1998 and the carrying value of the Company's financial instruments approximated their fair market values based on current market prices and rates. It is not the Company's policy to enter into derivative financial instruments. The Company does not currently have any significant foreign currency exposure.

Item 6.

Exhibits and Reports on Form 8-K

(a) Exhibits:

27 - Financial Data Schedule for the 39 weeks ended July 30,1999
submitted to the Securities and Exchange Commission in electronic
format (for SEC information only)

(b) Reports on Form 8-K:

No Report on Form 8-K has been filed during the quarter for which this report is
filed.

Page 8 of 8 pages

9

EXHIBIT INDEX

<TABLE>	
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Exhibit	
Number	Description
-----	-----
<C>	<S>
27	Financial Data Schedule

</TABLE>

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THIS SUMMARY CONTAINS FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF BRIDGFORD FOODS CORPORATION FOR THE THIRTY-NINE WEEKS ENDED JULY 30, 1999, AS SET FORTH IN THIS FORM 10-Q FOR SUCH PERIOD, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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