

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-02-08** | Period of Report: **1995-12-30**
SEC Accession No. [0000016104-96-000002](#)

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FILER

CAGLES INC

CIK: **16104** | IRS No.: **580625713** | State of Incorporation: **GA** | Fiscal Year End: **0331**
Type: **10-Q** | Act: **34** | File No.: **001-07138** | Film No.: **96513339**
SIC: **2015** Poultry slaughtering and processing

Mailing Address
2000 HILLS AVE NW
ATLANTA GA 30318

Business Address
2000 HILLS AVE NW
ATLANTA GA 30318
4043552820

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(x) Quarterly Report Pursuant to Section 13 or 15(d) of the Security
Exchange Act of 1934
For the Quarterly period ended December 30, 1995

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 1-7138

CAGLE'S, INC.

GEORGIA

58-0625713

(State or other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer Identification No.)

2000 Hills Avenue, N.W. Atlanta, Georgia 30318

(Address of Principal Executive Offices and Zip Code)

(404) 355-2820

(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

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

Class	Outstanding December 30, 1995
----- Class A Common Stock, \$1.00 Par Value	----- 5,006,282

<TABLE>

PART 1. FINANCIAL INFORMATION

Cagle's, Inc. And Subsidiary
Consolidated Balance Sheets
December 30, 1995 and April 1, 1995
(In Thousands, Except Par Value)
(Unaudited)
<CAPTION>

	12/30/95	04/01/95
	-----	-----
<S>	<C>	<C>
Assets		

CURRENT ASSETS		
Cash	\$ 0	\$462
Accounts receivable, net of allowance for doubtful accounts of \$480 and \$141 at Dec. 30, 1995 and April 1, 1995, respectively	13,898	15,013
Inventories	28,542	25,282
Other current assets	10,233	1,538
	-----	-----
Total current assets	52,673	42,295
	-----	-----
INVESTMENTS IN AND RECEIVABLES FROM UNCONSOLIDATED AFFILIATES	14,008	11,697
	959	550
OTHER ASSETS		
PROPERTY, PLANT, AND EQUIPMENT	90,608	66,897
Less accumulated depreciation	(30,766)	(32,668)
	-----	-----
Property, plant, and equipment, net	59,842	34,229
	-----	-----
TOTAL ASSETS	\$127,482	\$88,771
	=====	=====

</TABLE>

<TABLE>

<CAPTION>

LIABILITIES & STOCKHOLDERS' EQUITY

	-----	-----
<S>	<C>	<C>
CURRENT LIABILITIES		
Current Maturities	\$ 1,568	\$ 1,572
Accounts payable	12,346	13,550
Accrued expenses	6,977	7,900
Current income taxes payable	0	967
Current deferred income taxes	(200)	714
	-----	-----
Total Current Liabilities	20,691	24,703
	-----	-----
LONG TERM DEBT (net of current maturities)	48,838	15,233
NONCURRENT DEFERRED INCOME TAXES	7,545	4,464
	-----	-----

STOCKHOLDERS' EQUITY:

Common stock, \$1 par value; authorized 9,000 shares and 5006 and 5034 shares issued

respectively	5,006	5,034
Capital in excess of par value	7,946	8,366
Retained earnings	37,456	30,971
	-----	-----
Total stockholders' equity	50,408	44,371
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$127,482	\$88,771
	=====	=====

<FN>

The accompanying notes are an integral part of these consolidated financial statements.

</TABLE>

<TABLE>

Cagle's, Inc., & Subsidiary

Consolidated Statements of Income

For the 13 and 39 weeks ended December 30, 1995 and December 31, 1994

(Amounts in thousands, except per share data)

(unaudited)

	13 wks ended 12/30/95	13 wks ended 12/31/94	39 wks ended 12/30/95	39 wks ended 12/31/94
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Net Sales	\$64,439	\$83,640	\$231,103	\$260,839
Costs and Expenses:				
Cost of Sales	61,295	74,997	219,182	234,437
Selling and Delivery	2,100	2,232	7,125	6,420
General and Administrative	1,404	1,453	4,810	4,873
	-----	-----	-----	-----
Total costs and expenses	64,799	78,682	231,117	245,730
	-----	-----	-----	-----
Income (loss) From Operations	(360)	4,958	(14)	15,109
Other Income (Expense):				
Interest expense	(714)	(261)	(1,449)	(827)
Income from unconsolidated affiliates and other income, net	5,020	521	12,387	1,503
	-----	-----	-----	-----
Income Before Income Taxes	3,946	5,218	10,924	15,785
Provision For Income Taxes	1,517	1,617	3,988	5,274
	-----	-----	-----	-----
Net Income	\$2,429	\$3,601	6,936	10,511
	=====	=====	=====	=====

Weighted Average Number Of

Common Shares Outstanding	5,009	5,159	5,021	5,182
	=====	=====	=====	=====
Net Income Per Common Share	\$.48	\$.70	\$1.38	\$2.03
	=====	=====	=====	=====
DIVIDENDS PER COMMON SHARE	\$.0300	\$.0250	\$.0900	\$.0750
<FN>				

The accompanying notes are an inteegral part of these consolidated financial statements.

</TABLE>

<TABLE>

Cagle's, Inc & Subsidiary
Consolidated Statements of Cash Flows
For the 39 weeks ended December 30, 1995 and December 31, 1994
(In Thousands)
(unaudited)
<CAPTION>

	Dec 30, 1995	Dec 31, 1994
	-----	-----
	<C>	<C>
<S>		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$6,936	\$10,511
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,083	3,362
(gain)loss on disposal of property, plant and equipment	(8,379)	(38)
Changes in investment in and receivables from unconsolidated affiliates	(2,311)	(222)
Increase/Non Current Defferred Taxes	3,081	0
Changes in assets and liabilities:		
Accounts receivables, net	1,115	1,189
Inventories	(3,260)	(2,141)
Other current assets	(8,695)	440
Accounts payable	(1,204)	299
Accrued expenses	(923)	223
Income taxes payable	(967)	0
Deferred income taxes	(914)	440
	-----	-----
Total Adjustments	(18,374)	3,552
	-----	-----
Net cash provided (used) by operating activities	(11,438)	14,063
	-----	-----

CASH FLOWS FROM INVESTING ACTIVITIES:

Additions to property, plant, and equipment	(31,437)	(10,545)
(Increase)decrease in other assets	(420)	(604)
Proceeds from the sale of property, plant, and equip.	10,137	80
Investments in unconsolidated affiliates	0	(3,023)
	-----	-----
Net cash used in investing activities	(21,720)	(14,092)
	-----	-----
Cash Flows from financing activities:		
Payments of long-term debt and capital lease obligations	(1,404)	(926)
Repurchase Common Stock	(448)	(2,260)
Proceeds from issuance of long-term debt	35,000	5,000
Dividends Paid	(452)	(390)
	-----	-----
Net cash provided by (used in) financing activities	32,696	1,424
	-----	-----
NET INCREASE (DECREASE) IN CASH	(462)	1,395
CASH AT BEGINNING OF PERIOD	462	875
	-----	-----
CASH AT END OF PERIOD	\$ 0	\$2,270
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$1,449	\$831
	=====	=====
Income Taxes paid	\$2,769	\$4,721
	=====	=====

<FN>

The accompanying notes are an integral part of these consolidated financial statements.

</TABLE>

Cagle's, Inc. and Subsidiary

Notes to Consolidated Condensed Financial Statements

December 30, 1995

(Unaudited)

1. In the opinion of Management the accompanying unaudited consolidated financial statements contain all adjustments which are of a normal and recurring nature, necessary to present fairly the consolidated financial position of Cagle's, Inc. and Subsidiary (the "Company") as of December 30, 1995 and April 1, 1995 and the results of their operations and their cash flows for the 13 weeks and 39 weeks respectively, ended December 30, 1995 and December 31, 1994.

2. The results of operations for the 13 weeks and 39 weeks ended December 30, 1995, and December 31, 1994 are not necessarily indicative of the results expected for the full year.

3. Inventories consisted of the following (in thousands)

	Dec. 30, 1995	April 1, 1995
	-----	-----
Finished Products	8,298	7,813
Field Inventory and Breeders	15,411	13,742
Feed, Eggs, and Medication	3,071	2,243
Supplies	1,762	1,484
	-----	-----
	28,542	25,282

4. On June 24, 1995 the Company's plant in Pine Mountain Valley, Georgia was destroyed by fire. The Company has rebuilt the plant on the site and started processing on November 20, 1995 on a limited scale. Pre-fire volume is expected in mid to late January.

As of December 30, 1995 the Company has received \$7.4 million in advances from the insurance company against the property and inventory loss and \$2.6 million as an advance toward Business Interruption/Extra expense losses. In addition, the Company has accrued \$7.6 million toward the balance of the property claim and inventory loss and Business Interruption loss. This amount was received subsequent to the end of the period. The Company has reflected the business interruption element of these amounts as a reduction of cost of sales. The excess of property proceeds from insurance over the book value of property destroyed by the fire has been recorded within other income.

The Company expects to receive additional amounts under the Business Interruption/Extra Expense coverage for additional costs being incurred during the period until the plant reaches pre-fire efficiency. However, these amounts are subject to negotiation in final settlement and are indeterminable as of this time.

5. The Company's year to date earnings reflect a provision for income taxes at an effective rate of 36.5% which anticipates utilization of available state tax credits to which the Company is entitled.

Cagle's, Inc. and Subsidiary
Management's Discussion and Analysis of Financial
Condition and Results of Operations
December 30, 1995

Financial Condition:

The Company's financial condition as of December 30, 1995 remains strong despite large drawdowns on debt facilities. This additional debt is the result of borrowings to rebuild the processing plant lost in the June 24th fire. The Company rebuilt the plant on an extremely accelerated schedule, consequently the Capital Spending outpaced insurance recoveries requiring drawdowns from existing lines of credit. In addition, escalating grain prices have increased field inventory values requiring more borrowing for

working capital.

As of December 30, 1995 the Company had \$19 million borrowed against its \$20 million operating line and \$16 million drawn against a \$40 million stand-by line that was diverted from the planned Kentucky project. It is expected that insurance proceeds will be utilized to reduce the debt resulting from the fire loss and permanent financing put in place for a portion of the construction cost.

Results of Operations:

Sales for the 13 and 39 weeks declined by 23% and 11.4% respectively as compared to the same periods of a year ago, despite market prices that averaged 12.2% and .5% higher for the 13 week and 39 week respectively over the same period of a year ago. The reduction in sales is primarily the result of 28.7% and 16.9% less processed lbs. respectively for the quarter and 9 months as compared to the same periods of a year ago. This is directly attributable to the loss of production from the plant lost in the fire.

Gross margins were 5.4% and 4.9% lower respectively for the 13 weeks and 39 weeks as compared to the same period of a year ago and is attributable to extra cost and inefficiencies due to the fire loss which have not been resolved with the insurance coverage and escalating feed cost which averaged 27.3% and 8.3% higher for the 13 weeks and 39 weeks respectively compared to the same period of a year ago. In addition, the Company has experienced some inefficiencies associated with converting the Macon, Georgia Plant to a consumer packaged IQF (Individually Quick Frozen) plant from a straight deboning plant.

Selling, Delivery and General and Administration Expense:

As a group these expenses have remained relatively unchanged for both the 13 week and 39 week periods when compared to prior year levels.

Interest Expenses:

Interest expense increased by 173.6% and 75.2% respectively for the quarter and 9 months as compared to the same period of a year ago is directly attributable to the heavier debt load carried during the periods.

Income Taxes:

The provision for income taxes as reported reflects the Company's expected tax liability adjusted for credits that the Company is eligible to receive, mainly state tax credits.

Part II Other Information

Item 9 Exhibits and Reports on Form 8-K

- a. Not applicable
- b. No reports on Form 8-K were filed during this quarter. A

report on Form 8-K was filed in April 1995 to disclose the Company's new unsecured revolving credit facility.

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: February 8, 1996

/s/ J. Douglas Cagle
Chairman and Chief Executive Officer

DATE: February 8, 1996

/s/ Kenneth R. Barkley
Senior Vice President
Finance/Treasurer/CFO

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