

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. **0000950123-94-000914**

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FILER

CPC INTERNATIONAL INC

CIK: **25350** | IRS No.: **362385545** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-04199** | Film No.: **94528171**
SIC: **2030** Canned, frozen & preservd fruit, veg & food specialties

Mailing Address
*INTERNATIONAL PLAZA
P O BOX 8000
ENGLEWOOD CLIFFS NJ
07632*

Business Address
*INTERNATIONAL PLZ
P O BOX 8000
ENGLEWOOD CLIFFS NJ
07632
2018944000*

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

 FORM 10-Q

Quarterly report pursuant to Section 13 or 15 (d) of the Securities
 Exchange Act of 1934

FOR QUARTER ENDED MARCH 31, 1994

COMMISSION FILE NUMBER 1-4199

CPC INTERNATIONAL INC.
 (Exact name of Registrant as specified in its charter)

DELAWARE
 (State or other jurisdiction of incorporation or organization)

36-2385545
 (I.R.S. Employer Identification Number)

INTERNATIONAL PLAZA, P.O. BOX 8000
 ENGLEWOOD CLIFFS, N.J. 07632-9976
 (Address of principal executive office) (Zip Code)

(201)-894-4000
 (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 X No

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

CLASS	OUTSTANDING AT MARCH 31, 1994
Common Stock, \$.25 par value	149,027,359 shares

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CPC INTERNATIONAL INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME
 (UNAUDITED)
 (\$ MILLIONS EXCEPT PER SHARE AMOUNTS)

<TABLE>
 <CAPTION>

	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
Net sales	\$1,737.7	\$1,636.2

Cost of sales	1,062.6	995.8
Operating expenses	482.4	458.7
	-----	-----
	1,545.0	1,454.5
	-----	-----
Operating income	192.7	181.7
	-----	-----
Financing costs	20.2	22.9
	-----	-----
Income before income taxes	172.5	158.8
Provision for taxes on income	68.1	63.5
	-----	-----
	104.4	95.3
Minority stockholders' interest	6.3	4.9
	-----	-----
Net income	\$ 98.1	\$ 90.4
	=====	=====
Average common shares outstanding	149,559	150,586
Earnings per common share based on net income reduced by "ESOP" preferred stock dividends net of taxes	\$.63	\$.58
Cash dividends declared per common share	\$.34	\$.32

See notes to financial statements.

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CPC INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(\$ MILLIONS)

	March 31, 1994 ----- (unaudited)	Dec. 31, 1993 -----
	<C>	<C>
ASSETS		

Current assets		
Cash and cash equivalents	\$ 124.6	\$ 166.3
Notes and accounts receivable, net	1,006.9	899.7
Inventories	890.0	830.2
Prepaid expenses	82.1	75.7
	-----	-----
Total current assets	2,103.6	1,971.9
	-----	-----
Investments in unconsolidated affiliates	80.0	69.9
	-----	-----
Plant and properties	4,179.7	4,080.8
Less accumulated depreciation	1,983.9	1,960.1
	-----	-----
	2,195.8	2,120.7
	-----	-----
Excess cost over net assets of businesses acquired and other intangible assets (net of accumulated amortization of \$137.5 and \$132.3)	808.3	774.7
	-----	-----

Other assets	127.1	123.6
	-----	-----
	\$5,314.8	\$5,060.8
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current liabilities		
Notes and drafts payable	\$ 613.0	\$ 375.0
Accounts payable and accrued items	1,036.0	1,016.3
Income taxes payable	153.1	144.2
Dividends payable	50.7	47.9
	-----	-----
Total current liabilities	1,852.8	1,583.4
	-----	-----
Non-current liabilities	688.9	673.6
	-----	-----
Long-term debt	879.5	897.7
	-----	-----
Deferred taxes on income	59.6	42.1
	-----	-----
Minority interest	101.4	94.9
	-----	-----
Stockholders' equity		
Preferred stock, authorized 25,000,000 shares \$1 par value	--	--
Designations: Series A ESOP convertible 3,000,000 shares designated - 2,187,319 shares issued at stated value (1993: 2,192,237 shares)	195.1	195.6
Series A Junior Participating 600,000 shares designated - none issued	--	--
Common stock authorized 900,000,000 shares \$.25 par value - issued 195,271,444	48.8	48.8
Capital in excess of par value of stock	153.6	150.5
Retained earnings	2,821.9	2,774.5
Unearned ESOP compensation	(155.2)	(155.2)
Cumulative translation adjustment	(217.1)	(172.6)
Common stock in treasury at cost - 46,244,085 shares (1993: 45,454,592 shares)	(1,114.5)	(1,072.5)
	-----	-----
Total stockholders' equity	1,732.6	1,769.1
	-----	-----
	\$5,314.8	\$5,060.8
	=====	=====

</TABLE>

See notes to financial statements.

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CPC INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(\$ MILLIONS)

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	1994	1993
	-----	-----
	<C>	<C>
Cash flows from (used for) operating activities		

Net income	\$ 98.1	\$ 90.4
Non-cash charges (credits) to net income		
Depreciation and amortization	71.3	67.6
Deferred taxes	(1.7)	(1.8)
Translation losses	1.3	4.5
Other, net	.9	1.9

Changes in trade working capital:		
Notes and accounts receivable	(87.2)	(57.3)
Inventories	(42.9)	(54.5)
Accounts payable and accrued items	34.3	(1.0)
	-----	-----
Net cash flows from operating activities	74.1	49.8
	-----	-----
Cash flows from (used for) investing activities		

Capital expenditures paid	(92.6)	(60.8)
Disposal of plants and properties	2.6	4.0
Businesses acquired	(109.4)	(16.9)
	-----	-----
Net cash flows used for investing activities	(199.4)	(73.7)
	-----	-----
Net cash flows after investments	(125.3)	(23.9)
	-----	-----
Cash flows from (used for) financing activities		

Purchase of treasury stock	(45.9)	(11.7)
Repayment of long-term debt	(10.0)	(8.9)
New long-term debt	7.2	31.3
Net change in short-term debt	171.4	81.6
Dividends paid on common stock	(47.9)	(45.1)
Common stock issued	3.9	3.5
Other liabilities (deposits)	6.5	(29.1)
	-----	-----
Net cash flows (used for) financing activities	85.2	21.6
	-----	-----
Effects of exchange rate changes on cash	(1.6)	(4.5)
	-----	-----
Increase (decrease) in cash and cash equivalents	(41.7)	(6.8)
	-----	-----
Cash and cash equivalents, beginning of year	166.3	158.0
	-----	-----
Cash and cash equivalents, end of period	\$ 124.6	\$ 151.2
	=====	=====

</TABLE>

See notes to the financial statements.

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CPC INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN
STOCKHOLDERS' EQUITY
(UNAUDITED)
(\$ MILLION)

<TABLE>
<CAPTION>

	Preferred Stock Series A ESOP	Common Stock	Capital in Excess of Par Value	Treasury Stock	Unearned ESOP Compensation	Cumulative Translation Adjustment	Retained Earnings
	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1993	\$195.6	\$48.8	\$150.5	\$ (1,072.5)	\$ (155.2)	\$ (172.6)	\$2,774.5

Net income for the period							98.1
ESOP shares redeemed	(.5)						
Common dividends							(50.7)
Translation adjustment for the period						(44.5)	
Shares issued for:							
Stock options,							
deferred compensation and							
restricted stock awards	3.1		3.9				
Treasury stock acquired					(45.9)		
Balance, March 31, 1994	\$195.1	\$48.8	\$153.6	\$(1,114.5)	\$(155.2)	\$(217.1)	\$2,821.9

</TABLE>

See notes to financial statements.

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CPC INTERNATIONAL INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. INTERIM FINANCIAL STATEMENTS

The unaudited consolidated interim financial statements included herein were prepared by management and reflect all adjustments (consisting solely of normal recurring items) which are, in the opinion of management, necessary to present a fair statement of results of operations for the interim periods ended March 31, 1994 and 1993 and the financial position as of March 31, 1994 and December 31, 1993.

References to "the Company" are to CPC International Inc. and its consolidated subsidiaries. These statements should be read in conjunction with the consolidated financial statements and the related footnotes to these statements contained in the Company's Annual Report to Stockholders which notes were incorporated by reference in Form 10-K for the fiscal year ended December 31, 1993.

2. ACQUISITIONS

In the first quarter of 1994, the Company acquired an 85% interest in a European producer and marketer of brand-name potato products. In addition, the Company acquired the jams, juices and related food products business of a Company in Sri Lanka. The total costs of these investments amounted to \$195 million including assumed debt.

In the second quarter of 1994 the Company purchased the majority interest of a newly formed company which will manufacture and market selected CPC food brands in South Africa and export CPC products to sub-Saharan Africa. This investment cost about \$20 million and will be reflected in the second quarter results.

3. INVENTORIES

Inventories are summarized as follow:

<TABLE>
<CAPTION>

	March 31, 1994	Dec. 31, 1993
	-----	-----
<S>	<C>	<C>
Finished and goods in process	\$521.2	\$491.6
Raw Materials	229.3	202.6
Supplies	139.5	136.0
	-----	-----
	\$890.0	\$830.2
	=====	=====

</TABLE>

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4. LONG-TERM DEBT

A summary of long-term debt is as follows:

<TABLE>
<CAPTION>

	March 31, 1994	Dec. 31, 1993
	-----	-----
<S>	<C>	<C>
7.78% ESOP guaranteed notes due December 2004	\$ 183.3	\$ 183.3
5.625% -- 6.75% pollution control revenue bonds due 2007-2016	15.3	15.3
8.5% sinking fund debentures due April 2016	100.0	100.0
5.75% Swiss franc debentures	134.2	140.8
6.75% German mark debentures	114.9	122.7
Other secured and unsecured notes and loans at various rates and due dates	412.5	398.9
	-----	-----
	960.2	961.0
	-----	-----
Less current maturities	80.7	63.3
	-----	-----
	\$ 879.5	\$ 897.7
	=====	=====

</TABLE>

5. CONSOLIDATED STATEMENTS OF CASH FLOWS

Supplementary information for the consolidated statements of cash flows is set forth below:

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	-----	-----
Cash paid during the period for:	1994	1993
	----	----
<S>	<C>	<C>
Interest	\$ 30.5	\$ 30.9
Income taxes	59.1	65.6
Details of businesses acquired were as follows:		
Fair value of assets acquired	\$289.3	\$ 19.0
Liabilities assumed	179.9	2.1
	-----	-----
Cash paid	109.4	16.9
Less cash acquired	--	--

Net cash paid for acquisitions	----- \$109.4 =====	----- \$ 16.9 =====
--------------------------------	---------------------------	---------------------------

</TABLE>

The details of businesses acquired in 1994, as shown above, are based on estimates which will be finalized later in 1994.

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

RESULTS OF OPERATIONS

First quarter 1994 earnings per share advanced 8.6% to \$.63 from \$.58 in the first quarter of 1993. Net income rose 8.5% to \$98.1 million from \$90.4 million in the same period last year. The results benefited from solid operating gains and from lower financing costs.

CPC's worldwide sales rose 6.2% to \$1.74 billion from \$1.64 billion in last year's first quarter. Volume growth of 9.1%, about one-third of which was from acquisitions, and higher prices contributed to the gains, which were, however, restrained by unfavorable foreign currency values. Operating income advanced 6.1%.

Commenting on the company's first quarter results, Chairman and Chief Executive Officer C.R. Shoemate said, "CPC is off to a good start in 1994, particularly when we look at results in local currencies. Our recent acquisitions, chiefly the Pfanni potato products business in Germany, are contributing. And, our geographic expansion and new product introductions are also producing growth in our base businesses.

"Once again, CPC's Latin America consumer foods business had a very strong quarter. We expect, however, that in the second quarter this business will be significantly impacted by the currently difficult, but we believe temporary, business environment in Brazil, caused by uncertainties about the new economic plan there."

CONSUMER FOODS

CPC's worldwide sales of consumer foods rose 5.4% to \$1.46 billion from \$1.39 billion in the same period of 1993. First quarter operating income from consumer foods was 7.8% higher, advancing to \$164.1 million from \$152.3 million in the first quarter of 1993.

Best Foods, CPC's North American consumer foods business, reported sales growth of 8.8% on volumes higher by 7.1%. Increased volumes of Hellmann's mayonnaise, Mazola corn oil, Skippy peanut butter, Karo syrups, and Knorr products, contributed to the gains, along with added volumes from the Henri's pourable dressing business acquired during 1993. Specialty baking and Mueller's pasta volumes were lower.

Best Foods' operating income was flat, reflecting increased expenditures on marketing and product development, and also the impact of higher commodity prices, which were not fully recovered in the quarter, due to the timing of price increases.

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Sales and operating income of CPC's European consumer foods business grew 2.2% and 5.4%, respectively, compared to the same period last year, despite the strongly negative impact of unfavorable currency values. Added volumes from the recently acquired Pfanni business in Germany contributed importantly to a

10.6% volume gain. The business also benefited from higher prices and margins. Marketing expenditures in Europe were significantly higher during the quarter.

CPC's consumer foods business in Latin America reported a 9% sales gain and a 25% advance in operating income, compared to first quarter 1993. Volumes advanced 10.8%.

In Asia, sales of consumer foods rose 2.4%, and operating income rose 7% on growing volumes. The results reflect both a negative exchange impact and CPC's continuing investment in new Asian markets.

CORN REFINING

Sales of CPC's worldwide corn refining business rose 10.7%, but operating income for the quarter was flat, compared to first quarter last year. Volumes were 6.1% higher. North American corn refining sales and operating income grew strongly compared to a weak first quarter last year, benefiting from improved prices and volumes. In Latin America, while sales grew well, operating income was significantly lower, due to margin pressures in Brazil. Corn refining results were also negatively impacted by significantly lower earnings in the Pekin Energy business, resulting from lower petroleum prices. Pekin Energy is a non-consolidated joint venture producing fuel grade ethanol.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources and uses of funds as well as its general financial policy are discussed on pages 27-30 of the 1993 Annual Report to Stockholders which were incorporated by reference in Form 10-K for the year ended December 31, 1993.

The Company's capital expenditures are expected to be approximately \$375 million in 1994.

Note: The brand names shown above in distinctive type are trademarks of CPC International Inc. and its affiliates.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material developments in the legal proceedings as previously reported in Form 10-K for the year ended December 31, 1993.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

- a) The Company held its annual meeting of stockholders on April 28, 1994.
- b) Proxies for the meeting were solicited pursuant to Regulation 14 of the Securities Exchange Act of 1934; there were no solicitations in opposition to management's nominees, and all such nominees were elected.
- c) The four nominees were elected directors of our Company for terms expiring at the 1997 annual meeting, with the results follows:

<TABLE>
<CAPTION>

For	Withheld
-----	-----

<S>	<C>	<C>
W. C. Ferguson	128,229,947	86,639
L. I. Higdon, Jr.	128,134,946	181,640
W. S. Norman	128,161,799	154,787
C. R. Shoemate	128,264,619	51,967

</TABLE>

The appointment of KPMG Peat Marwick as independent auditors was ratified with the results as follows:

<TABLE>
<CAPTION>

	For	Against	Abstained
	-----	-----	-----
<S>	<C>	<C>	<C>
	127,258,879	1,222,696	461,815

</TABLE>

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- a) Exhibits pursuant to Item 601 of Regulation S-K.

Exhibit 11 - Statements re: computation of earnings per common share (Part I data)

- b) Reports on Form 8-K.

None filed.

CPC INTERNATIONAL INC. AND SUBSIDIARIES

SIGNATURES

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

CPC INTERNATIONAL, INC.

DATE: May 12, 1994

/S/Konrad Schlatter
Konrad Schlatter
Senior Vice President &
Chief Financial Officer

DATE: May 12, 1994

/S/James E. Healey
James E. Healey
Comptroller & Chief
Accounting Officer

EXHIBIT 11

CPC INTERNATIONAL INC. AND SUBSIDIARIES
 COMPUTATION OF EARNINGS PER COMMON SHARE
 THREE MONTHS ENDED MARCH 31, 1994 AND 1993

Earnings per common share for CPC International Inc. is based on net income available to common stockholders and the average number of common shares outstanding during each period. Net income available to common shareholders has been reduced by the pro rata ESOP preferred stock dividend net of the tax benefit. A potentially dilutive effect on earnings per common share results from the operation of the 1993 Stock and Performance Plan, the deferred compensation and stock options arising from a previous executive incentive compensation plan, and the Deferred Compensation Plan for Outside Directors. The effect on earnings per common share resulting from the assumed exercise of outstanding options and delivery of deferred stock awards under these programs is not material. The maximum number of shares of common stock issuable and deliverable under such assumptions, without giving effect to the assumed reacquisitions of common stock with the proceeds from options exercised, amounted to the following percentages of the average number of shares of common stock outstanding at March 31:

<TABLE>
 <CAPTION>

1994	1993
----	----
<S>	<C>
1.7%	1.4%

</TABLE>

Since the dilution resulting from deferred stock awards and stock options is less than 3%, these items have not been considered in the computation of shares outstanding. Furthermore, the potentially dilutive effect derived from using the if-converted method in calculating fully diluted earnings per share for the ESOP would not cause the dilution to exceed 3% even when considered with the aforementioned programs.

