FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-08-02** | Period of Report: **1994-06-18**
SEC Accession No. 0000088121-94-000013

FILER

SEABOARD CORP /DE/
CIK:**88121**| IRS No.: **042260388** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-03390** | Film No.: **94541259**
SIC: **2015** Poultry slaughtering and processing

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 18, 1994

Commission file number 1-3390

Seaboard Corporation

(Exact name of registrant as specified in its charter)

Delaware	04-2260388
(State or other jurisdiction of incorporation or organization).	(IRS Employer Identification No.)

200 Boylston Street, Newton, MA	02167
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 617-332-8492

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 number of shares outstanding of each of the issuer's classes of common stock, as of latest practicable date. Common stock of $1 par value, 1,487,520 shares outstanding, as of June 18, 1994.

Total pages in filing - 12 pages

<TABLE>

SEABOARD CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
June 18, 1994 and December 31, 1993
(Thousands of Dollars)

<CAPTION>
Part I - Financial Information

	June 18, 1994	December 31, 1993
Assets		
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 4,284	$ 7,110
Short-term investments	202,614	215,902
Receivables, net	105,300	92,714
Inventories	72,341	70,961
Deferred income taxes	6,522	7,671
Other current assets	7,637	8,374
Total current assets	398,698	402,732
Investments in and advances to foreign subsidiaries not consolidated	28,638	28,520
Property, plant and equipment	379,568	354,932
Accumulated depreciation	(160,297)	(149,494)
Net property, plant and equipment	219,271	205,438
Other assets	8,854	10,642
Total assets	$655,461	$647,332
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable and current maturities of long-term debt	$ 13,752	$ 25,272
Accounts payable	35,543	44,787
Income taxes payable	12,085	8,757
Other current liabilities	46,708	47,469
Total current liabilities	108,088	126,285
Long-term debt, less current maturities	196,945	194,506
Deferred income taxes	19,565	20,440

Deferred grants	4,341	-
Accrued pension plan liabilities, net of current portion	4,926	1,745
Total liabilities	333,865	342,976
Stockholders' equity:		
Common stock of $1 par value. Authorized 4,000,000 shares; issued 1,789,599 shares	1,790	1,790
Less 302,079 shares held in treasury, at par value	302	302
	1,488	1,488
Additional capital	4,440	4,440
Unrealized loss on debt securities, (net of deferred income taxes of $317)	(636)	-
Retained earnings	316,304	298,428
Total stockholders' equity	321,596	304,356
Total liabilities and stockholders' equity	$655,461	$647,332

<FN>
See notes to condensed consolidated financial statements.
</TABLE>

<TABLE>

SEABOARD CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Earnings
Twelve weeks ended June 18, 1994 and June 19, 1993
(Thousands of dollars except per share amounts)

<CAPTION>

<S>	June 18, 1994 <C>	June 19, 1993 <C>
Net sales	$215,016	$258,254
Cost of sales and operating expenses	175,084	228,403
Gross income	39,932	29,851
Selling, general and administrative expenses	24,472	22,902
Operating income	15,460	6,949

Other income (expense):		
Interest income	1,915	2,640
Interest expense	(3,191)	(1,389)
Miscellaneous	2,983	(1,311)
Total other income (expense)	1,707	(60)
Earnings before income taxes	17,167	6,889
Income tax expense (benefit):		
Current	6,188	2,068
Deferred	(165)	15
Total income taxes	6,023	2,083
Net earnings	$ 11,144	$ 4,806
Earnings per common share	$ 7.49	$ 3.23
Dividends declared per common share	$ .25	$ .125
Average number of shares outstanding	1,487,520	1,487,520

<FN>
See notes to condensed consolidated financial statements.
</TABLE>

<TABLE>

SEABOARD CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Earnings
Twenty-four weeks ended June 18, 1994 and June 19, 1993
(Thousands of dollars except per share amounts)

<CAPTION>

	June 18, 1994	June 19, 1993

<S>	<C>	<C>
Net sales	$472,414	$541,721
Cost of sales and operating expenses	396,413	475,644
Gross income	76,001	66,077
Selling, general and administrative expenses	48,739	47,281
Operating income	27,262	18,796
Other income (expense):		
Interest income	3,659	3,772
Interest expense	(6,549)	(2,887)
Miscellaneous	3,844	(684)
Total other income	954	201
Earnings before income taxes and cumulative effect of a change in accounting principle	28,216	18,997
Income tax expense (benefit):		
Current	9,005	6,678
Deferred	591	(618)
Total income taxes	9,596	6,060
Earnings before cumulative effect of a change in accounting principle	18,620	12,937
Cumulative effect on prior years of changing the method of accounting for deferred income taxes	-	20,074
Net earnings	$ 18,620	$ 33,011
Earnings per common share:		
Income before cumulative effect of a change in accounting principle	$ 12.52	$ 8.70
Cumulative effect on prior years of changing the method of reporting deferred income taxes	-	13.49
Earnings per common share	$ 12.52	$ 22.19
Dividends declared per common share	$ .50	$ .25
Average number of shares outstanding	1,487,520	1,487,520

<FN>
See notes to condensed consolidated financial statements.
</TABLE>

<TABLE>
SEABOARD CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
Twenty-four weeks ended June 18, 1994 and June 19, 1993
(Thousands of Dollars)
<CAPTION>

<S>	June 18, 1994 <C>	June 19, 1993 <C>
Net cash provided by operating activities	$ 14,367	$ 33,673
Cash flows from investing activities:		
Purchase of investments	(375,425)	-
Proceeds from the sale and maturity of investments	387,760	-
Net (investment in) short-term investments	-	(5,736)
Capital expenditures, net	(28,057)	(28,206)
Notes receivable	4,131	(2,076)
Investments and advances to foreign subsidiaries not consolidated	(118)	352
Acquisition of business	-	(5,500)
Cash acquired in acquisition of business	-	2,202
Net cash used by investing activities	(11,709)	(38,964)
Cash flows from financing activities:		
Notes payable to bank	(6,178)	1,717
Proceeds from long-term debt	3,792	10,250
Principal payments	(6,695)	(351)
Deferred grants	4,341	-
Dividends paid	(744)	(372)
Net cash provided by (used in) financing activities	(5,484)	11,244
Net increase (decrease) in cash and cash equivalents	(2,826)	5,953
Cash and cash equivalents at beginning of year	7,110	9,838
Cash and cash equivalents at end of quarter	$ 4,284	$ 15,791

<FN>
Disclosure of accounting policy:

For purposes of the Condensed Consolidated Statements of Cash Flows, the Company considers all demand deposits and overnight investments as cash.

See notes to condensed consolidated financial statements.
</TABLE>

SEABOARD CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements

Note 1

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position as of June 18, 1994, the results of operations for the twelve and twenty-four weeks and the statement of cash flows for the twenty-four weeks ended June 18, 1994 and June 19, 1993, respectively.

Note 2

The results of operations for the twelve and twenty-four weeks ended June 18, 1994 and June 19, 1993 are not necessarily indicative of the results to be expected for the full year.

Note 3

<TABLE>

The following is a summary of inventories at June 18, 1994 and December 31, 1993 (in thousands):

<CAPTION>

	June 18, 1994	December 31, 1993

At lower of last-in, first-out (LIFO) cost or market:		
Live poultry	$24,369	$22,545
Dressed poultry	13,441	8,278
Feed and baking ingredients, packaging supplies and other	6,519	7,200
	44,329	38,023
LIFO allowance	(4,170)	(3,834)
Total inventories at lower of LIFO cost or market	40,159	34,189
At lower of first-in, first-out (FIFO) cost or market:		
Crops in production, fertilizers and pesticides	4,883	11,376
Grain, flour and feed	5,728	3,170
Dressed pork	5,448	8,587
Live Hogs	6,713	3,037
Other	9,410	7,467
Total inventories at lower of FIFO cost or market	32,182	33,637
Grain, at market	-	3,135
Total inventories	$72,341	$70,961

</TABLE>

SEABOARD CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements

Note 4

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." SFAS No. 115 requires certain investments to be categorized as either Trading, Available-for-Sale, or Held-to-Maturity. Investments in the Trading category are carried at fair value with unrealized gains and losses included in income. Investments in the Available-for-Sale category are carried at fair value with unrealized gains and losses recorded as a separate component of stockholders' equity. Investments in the Held-to-Maturity category are carried at amortized cost. Short-term investments at January 1, 1994 included $215,902,000 in debt securities, for which cost approximated fair value and, therefore, the impact of adopting this standard was not material to the consolidated financial statements of the Company. At June 18, 1994, the Company categorized all short-term investments as Available-for-Sale.

Note 5

Subsequent to June 18, 1994, the Company entered into a tentative settlement of a derivative action commenced in April 1990 by a stockholder naming the Company, the Parent Company and the then three directors of the Company as defendants. Under the terms of the settlement, the Company would receive a payment of $10.8 million from which it would be required to pay plaintiff's legal costs. This settlement is subject to approval of the Delaware Chancery Court.

Second Quarter 1994
Management's Discussion and Analysis of
Financial Condition and Results of Operations

Liquidity and Capital Resources

Liquidity, as measured by current ratio and working capital, has increased since December 31, 1993. Comparative figures are as follows:

	June 18, 1994	December 31, 1993
Current Ratio	3.69	3.19
Working Capital (in thousands)	$290,610	$276,447

Net cash provided by operating activities for the twenty-four weeks ended June 18, 1994 decreased compared to the same period one year ago primarily due to increased short-term advances and deposits related to the construction of hog production facilities.

The Company invested $24.8 million in property, plant and equipment through June 18, 1994 in the food production and processing segment. Capital expenditures of $11.1 million were for construction expenditures on the Company's hog production and pork processing project in Northeastern Colorado and the Oklahoma Panhandle. Cumulative capital expenditures for hog facilities have totalled $37.6 million since 1992. The company expects expenditures for facilities and working capital to total $71.9 million in the next two years, of which approximately $33.8 million is currently under contract. This expansion will be funded primarily with term debt.

Through June 18, 1994, capital expenditures of $4.1 million were made at the Company's poultry processing plant in Western Kentucky to expand processing capacity. Cumulative capital expenditures related to the expansion total $11.0 million. Remaining capital expenditures for planned expansion of the poultry processing facility are expected to total $1.0 million during 1994 and will be funded with internal cash.

Other capital expenditures in the food production and processing segment through June 18, 1994 included $9.6 million in general replacement and upgrade of plant and equipment.

Capital expenditures in the transportation segment through June 18, 1994, totalled $3.1 million and were for routine replacement and upgrade of equipment used in the Company's ocean liner service and were funded with internal cash. Subsequent to June 18, 1994, the Company committed to purchase a cargo vessel to be used in its ocean liner service. The purchase price will be approximately $15 million and will be funded with internal cash.

Liquidity and Capital Resources (continued)

As of June 18, 1994 and December 31, 1993, the Company had $9.9 million and $16.1 million, respectively, outstanding under the Company's short-term uncommitted, unsecured credit lines from banks totalling $132.0 million.

Deferred grants represent economic development grant funds provided by local government agencies. Use of these funds is limited to construction of a hog processing facility in Guymon, Oklahoma. Deferred incentive grants will be amortized over the life of the assets acquired with the funds. As of June 18, 1994, the Company had used $4.3 million of grant funds, approximately $8.2 million of grant funds remain available for construction expenditures.

Management intends to continue its policy of expansion and growth in the agribusiness and ocean transportation industries and believes the Company's liquidity and capital resources are adequate for its intended operations.

Results of Operations

Net sales for the twelve and twenty-four weeks ended June 18, 1994 decreased by $43.2 million and $69.3 million, respectively, compared to the same periods one year earlier. Operating income increased by $8.5 million in the second quarter and year-to-date compared to the same periods one year ago.

The segment distribution of the increase (decrease) in net sales and operating income compared to the prior year is as follows (in thousands):

	Net Sales		Operating Income	
	Quarter	Year-to-Date	Quarter	Year-to-Date
Food production and processing	$(54,107)	$(95,273)	$ 2,660	$ 747
Transportation	7,791	22,380	5,253	6,841
Other	3,078	3,586	598	878
	$(43,238)	$(69,307)	$ 8,511	$ 8,466

The decrease in net sales in the food production and processing segment is the result of discontinuing the slaughter of hogs and lambs at the Company's Minnesota processing plant. Since March, 1994, the ongoing operations of the plant have consisted of further processing fresh pork products purchased from third parties. In addition, sales from the flour mill in Zaire are no longer included in the Company's consolidation after a sale of shares reduced the investment to a minority interest. Beginning in December 1993, the Company began using the equity method of accounting for Zaire. Net

Results of Operations (continued)
- - ---------------------

sales from the commodity trading activity decreased as a result of a decrease in grain sales to the Company's nonconsolidated flour mills. These decreases were partially offset by increases in poultry sales attributable to an increase in average sales price and pounds sold of poultry products. The increase in pounds sold resulted primarily from the expansion of the company's poultry processing plant in Western Kentucky.

Operating income within the food production and processing segment increased during the quarter and year-to-date compared to the same periods one year earlier. The improved operating results were primarily due to higher average sales prices for the Company's poultry products. Finished feed costs remain higher for the quarter and year-to-date compared to the same periods last year. Year-to-date operating income has been further increased by discontinuing the hog kill at the Minnesota processing plant which has resulted in lower operating losses compared to the same period one year ago.

Net sales and operating income in the transportation segment increased for the quarter and year-to-date compared to the same periods one year earlier. The increases resulted from new services to Peru and Chile and increased southbound volume within existing services in the Eastern Caribbean, particularly in the second quarter. The Company expects recent political and economic instability in Venezuela to have a negative effect on net sales and operating income. At this time, the Company does not believe the effect will be material.

Selling, general and administrative expenses increased by $1.6 million and $1.5 million for the quarter and year-to-date, respectively, compared to the same periods one year earlier. The increase is primarily related to expanded services in the transportation segment and expansion of the Company's hog production business.

Interest income decreased for the quarter and year-to-date by $0.7 million and $0.1 million, respectively, compared to the same periods one year earlier. The decrease is primarily a result of having accrued $1.4 million of interest on refunds of Federal income tax in the second quarter of 1993.

Interest expense increased for the quarter and year-to-date by $1.8 million and $3.7 million, respectively, compared to the same periods one year ago. The increase is primarily related to the issuance of $100.0 million in Senior Notes in December 1993, the proceeds of which were invested in short-term investments.

Results of Operations (continued)
- - ---------------------

Miscellaneous income includes a $2.9 million gain from liquidating an interest rate exchange agreement during the quarter. The Company entered into the interest rate exchange agreement as an anticipatory hedge against interest rate risk associated with variable rate financing. Subsequent to obtaining the interest rate exchange agreement the Company received commitments for fixed rate financing and, therefore, terminated the agreement.

The Company does not believe its businesses have been materially adversely affected by inflation.

SEABOARD CORPORATION AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of stockholders was held on April 25, 1994 in Newton, Massachusetts. Two items were submitted to a vote of stockholders as described in the Company's Proxy Statement dated March 31, 1994. The table below briefly describes the proposals and results of the stockholders' vote:

	Votes in Favor	Votes Against	Abstain	Broker Nonvotes
1. To elect:				
H. Harry Bresky,	1,425,991	0	550	0
Joe E. Rodrigues,	1,425,991	0	550	0

Robert J. McDonough, and	1,425,891	0	650	0
Thomas J. Shields as directors.	1,425,981	0	560	0
2. To ratify selection of KPMG Peat Marwick as independent auditors	1,426,036	175	330	0

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) Reports on Form 8-K. Seaboard Corporation has not filed any reports on Form 8-K during the twelve week period ended June 18, 1994.

PART II - OTHER INFORMATION

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.

DATE: August 1, 1994

Seaboard Corporation

by: /s/ Rick J. Hoffman
Rick J. Hoffman, Vice President

by: /s/ Jesse H. Bechtold
Jesse H. Bechtold, Chief Accounting Officer