

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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PIONEER HI BRED INTERNATIONAL INC

CIK: **78716** | IRS No.: **420470520** | State of Incorporation: **IA** | Fiscal Year End: **0831**
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PIONEER HI-BRED INTERNATIONAL, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited, in thousands)

<TABLE>

ASSETS	November 30, 1993	August 31, 1993	November 30, 1992
CURRENT ASSETS			
<S>	<C>	<C>	<C>
Cash and cash equivalents	\$ 64,369	\$ 91,976	\$ 59,259
Accounts and notes receivable, net	111,410	196,063	145,783
Inventories:			
Finished seed	338,555	229,550	328,922
Unfinished seed	253,909	149,299	336,697
Other	6,691	3,935	3,226
Prepaid expenses	6,867	3,979	9,437
Income taxes	3,738	- -	4,172
Deferred income taxes	54,362	42,180	49,356
Total current assets	\$ 839,901	\$ 716,982	\$ 936,852
LONG-TERM ASSETS	40,110	39,195	44,253
PROPERTY AND EQUIPMENT, net of accumulated depreciation and allowances			
November 30, 1993	\$365,596		
August 31, 1993	\$356,479		
November 30, 1992	\$342,426	443,688	437,660
INTANGIBLES	25,807	27,527	26,642
	\$1,349,506	\$1,221,364	\$1,466,598

See Notes to Consolidated Condensed Financial Statements.

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PIONEER HI-BRED INTERNATIONAL, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited, in thousands)

<TABLE>

	November 30, 1993	August 31, 1993	November 30, 1992
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
<S>	<C>	<C>	<C>
Short-term borrowings	\$ 160,118	\$ 64,029	\$ 225,397
Current maturities of long-term debt	1,521	2,250	3,167
Accounts payable, trade	219,197	79,386	305,243
Accrued compensation	26,511	42,080	22,825
Income taxes payable	- -	17,522	- -
Other accruals	47,054	55,846	29,849
Total current liabilities	\$ 454,401	\$ 261,113	\$ 586,481
LONG-TERM DEBT	\$ 65,730	\$ 68,127	\$ 78,057
DEFERRED ITEMS, primarily income taxes and retirement benefits	\$ 59,438	\$ 60,587	\$ 60,756
MINORITY INTEREST IN SUBSIDIARIES	\$ 5,486	\$ 6,098	\$ 10,908
SHAREHOLDERS' EQUITY			
Preferred stock, no par value	\$ - -	\$ - -	\$ - -
Common stock, \$1 par value	92,694	92,694	92,694
Additional paid-in capital	12,962	12,962	14,249
Retained earnings	778,363	835,466	694,359
Cumulative translation adjustment	(11,151)	(6,982)	16,039
	\$ 872,868	\$ 934,140	\$ 817,341
Less: Cost of common shares acquired for the treasury	(98,534)	(97,078)	(78,991)
Unearned compensation	(9,883)	(11,623)	(7,954)
	\$ 764,451	\$ 825,439	\$ 730,396
	\$1,349,506	\$1,221,364	\$1,466,598

See Notes to Consolidated Condensed Financial Statements.

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PIONEER HI-BRED INTERNATIONAL, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Unaudited, in thousands)

<TABLE>

	Three Months Ended November 30,	
	1993	1992
<S>	<C>	<C>
Net sales	\$ 66,668	\$ 68,357
Operating costs and expenses:		

Cost of goods sold	\$ 38,734	\$ 35,431
Research and development	24,635	22,644
Selling	43,661	42,873
General and administrative	29,814	25,233
	\$136,844	\$126,181
Operating (loss)	\$(70,176)	\$(57,824)
Investment income	3,579	3,475
Interest expense	(3,216)	(4,186)
Net exchange (loss)	(2,340)	(4,236)
(Loss) before items shown below	\$(72,153)	\$(62,771)
Provision for income taxes	28,162	23,497
Minority interest and other	141	467
(Loss) before cumulative effect of accounting change	\$(43,850)	\$(38,807)
Cumulative effect of accounting change, net of income taxes of \$10,849	- -	(16,969)
Net (loss)	\$(43,850)	\$(55,776)
(Loss) per common share:*		
(Loss) before cumulative effect of accounting change	\$ (.49)	\$ (.43)
Cumulative effect of accounting change	- -	(.19)
Net (loss)	\$ (.49)	\$ (.62)
Weighted average number of common shares outstanding	89,402	90,274

* Not in thousands

See Notes to Consolidated Condensed Financial Statements.

</TABLE>

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PIONEER HI-BRED INTERNATIONAL, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

<TABLE>	Three Months Ended	
	November 30,	
	1993	1992
CASH FLOWS FROM OPERATING ACTIVITIES		
<S>	<C>	<C>
Net (loss)	\$ (43,850)	\$ (55,776)
Noncash items included in net loss:		
Depreciation and amortization	16,442	14,054
Cumulative effect of accounting change	- -	16,969
Other	(108)	(11,279)
Net change in assets and liabilities	(72,179)	(104,593)
Net cash used in operating activities	\$ (99,695)	\$ (140,625)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	\$ (21,124)	\$ (30,068)
Other	2,889	4,847
Net cash used in investing activities	\$ (18,235)	\$ (25,221)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds on short-term borrowings	\$ 100,595	\$ 135,412
Dividends paid	(12,517)	(10,833)
Other	(1,325)	4,295
Net cash provided by financing activities	\$ 86,753	\$ 128,874

Effect of foreign currency exchange rate changes on cash and cash equivalents	\$ (868)	\$ (1,360)
Effect of change in year-end of the Company's international subsidiaries on cash and cash equivalents	\$ 4,438	\$ - -
Net decrease in cash and cash equivalents	\$ (27,607)	\$ (38,332)
Cash and cash equivalents, beginning	91,976	97,591
CASH AND CASH EQUIVALENTS, ENDING	\$ 64,369	\$ 59,259

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash payments for:

Interest	\$ 5,759	\$ 7,699
Income taxes	\$ 8,549	\$ 18,592

See Notes to Consolidated Condensed Financial Statements.

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PIONEER HI-BRED INTERNATIONAL, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to fairly present the financial position as of November 30, 1993 and 1992, and the results of operations and cash flows for the three months ended November 30, 1993 and 1992. Because of the seasonal nature of the Company's business, the results of operations for the three months ended November 30, 1993, are not indicative of the results to be expected for the full year.
2. The Company is involved in litigation and disputes which are normal to its business, including litigation related to the operations and sale of its former subsidiary, Norand Corporation. In February 1992, the Company filed suit against Bob Groulx, a dealer in field seeds in the vicinity of Munger, Michigan, alleging that Mr. Groulx has engaged in (1) tortious interference with the Company's business relationships with its sales representatives, (2) trademark infringement, (3) federal statutory unfair competition, and (4) common law unfair competition. In March, 1992, Mr. Groulx filed an answer and countercomplaint which asserted that Pioneer had violated federal and Michigan antitrust statutes and committed various commercial torts. A related case alleging violation of federal and Michigan antitrust statutes, interference with contractual relations and wrongful discharge has been filed by a former Pioneer sales representative. The Company has moved for summary judgment in the Groulx case and has been granted a motion to dismiss the antitrust claims in the related case. The Company believes these claims are without merit.

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Although the outcome of the above matters cannot be predicted with certainty, trial counsel for the Company and management do not believe that their disposition will have a materially adverse effect on the consolidated financial position and results of operations of the Company.

The Company has guaranteed the repayment of principal and interest on certain obligations of Village Court Associates,

an affiliated real estate venture. At November 30, 1993, such guarantees totaled approximately \$23 million.

On February 5, 1981, the Company initiated litigation in the Federal District Court for the Southern District of Iowa against Holden Foundation Seeds, Inc. alleging that the named defendants had improperly obtained and used one of the Company's proprietary lines of corn breeding material. On October 30, 1987, a judgment was entered against Holden Foundation Seeds, Inc. on the issue of liability. On December 30, 1991, the court entered a judgment against Holden in the sum of \$46.7 million plus interest from December 30, 1991. On September 23, 1992, the court issued its final order in the case. Both parties have appealed. The Company has not recognized any benefit in the financial statements related to this judgment.

3. During the first quarter of fiscal 1994, the Company changed the reporting year-end of its international subsidiaries from June to August to have the subsidiaries' accounting period match the Company's. The effect of this change, a net loss of \$.7 million, was recorded as a reduction in retained earnings.

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

The following discussion should be read in conjunction with the attached unaudited condensed consolidated financial statements and notes, and with the Company's audited financial statements and notes for the fiscal year ended August 31, 1993.

MATERIAL CHANGES IN FINANCIAL CONDITION:

Due to the seasonal nature of the agricultural seed business, the Company generates most of its cash from operations during the second and third quarters of the fiscal year. Cash generated during this time is used to meet the cash needs of the period and to pay the commercial paper and accounts payable which are the Company's primary sources of financing during the first and fourth quarters of the fiscal year. Any excess funds are invested, primarily in short-term commercial paper.

Most of the Company's financing is done through the issuance of commercial paper in the U.S., backed by revolving and seasonal lines of credit. In addition, foreign lines of credit and direct borrowing agreements are relied upon to support overseas financing needs. The Company also has a \$100 million private medium-term note program of which \$50 million is available as of November 30, 1993. Short-term debt at November 30, 1993, consisted of \$123 million in domestic commercial paper and \$37.1 million in direct short-term borrowings from foreign banks. As of November 30, 1993, the Company had available domestic lines of credit totaling \$175 million consisting of a \$100 million revolving line of credit and \$75 million in seasonal lines of credit. The maximum available during the year is \$199 million in the second quarter consisting of \$100 million revolving lines and \$99 million seasonal. The minimum available is a \$50 million revolving line of credit during the fourth quarter. Long-term debt at November 30, 1993, consisted principally of \$50 million in medium-term notes maturing in February, 1996.

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At November 30, 1993, accounts and notes receivable decreased from a year earlier due to a change in year-end of the Company's international subsidiaries.

Seed inventories are lower at November 30, 1993, compared to November 30, 1992, due to fewer acres planted and lower yields. Prior year inventories were higher resulting from a record number of seed corn acres planted during 1992 in North America which produced yields 145 percent higher than the 1993 crop.

Short-term borrowings and accounts payable at November 30, 1993, are lower than the same point in time a year ago primarily due to lower production costs associated with the smaller production crop harvested in the fall of 1993 compared to the fall of 1992.

Other accruals increased from November 30, 1992, levels due to accruals associated with the restructuring of operations in Africa and the Middle East.

Additional purchases of the Company's stock represent the increase in treasury stock at November 30, 1993, from a year earlier. To date, of the 5.3 million shares authorized for purchase by the Board of Directors, 3.5 million have been repurchased.

MATERIAL CHANGES IN RESULTS OF OPERATIONS:

Net loss for the three months ended November 30, 1993, was \$43.9 million, down from the net loss of \$55.8 million reported for the first quarter of fiscal 1993. On a per-share basis, net loss for the period ended November 30, 1993, was \$.49 compared to a per-share net loss of \$.62 for the same period a year earlier. Net loss for the first three months of fiscal 1993 includes the cumulative effect of adopting Financial Accounting Standard 106

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(FAS106) which had the effect of reducing fiscal 1993 results \$.19 per share. Excluding the effect of this accounting change, per-share net loss for the first three months of fiscal 1993 was \$.43 per-share compared to a net loss of \$.49 per-share for the current period. The main factors responsible for the larger current period loss were increased fixed costs and additional costs related to the restructuring of operations in Africa and the Middle East. These increases were partially offset by lower net financial expense.

Net sales through first quarter of fiscal 1994 reached \$66.7 million, a decrease from net sales of \$68.4 million for the same period a year ago. First quarter seed corn sales are almost entirely generated in regions outside North America and Europe and totaled \$26.1 million, a \$5.6 million decrease from a year earlier. Seed corn sales in South Africa increased \$2.1 as a result of unit sales increases due to initial sales from a new subsidiary. However, reported sales decreased in total due to the change in fiscal year-end for the Company's international subsidiaries from June 30 to August 31.

Certain operations in the Southern Hemisphere record a large portion of their sales in July and August. Fiscal 1993's first quarter included July and August for our international subsidiaries, while in fiscal 1994 this period will fall in the fourth quarter.

Although net sales for the current period are below fiscal 1993 levels for the first quarter, annual seed corn revenues are expected to grow in almost all regions. The likelihood of more normal weather in the central United States together with the announced change in the U.S. farm program set-aside from 10 percent to zero is expected to result in more North American corn acres planted in fiscal 1994. In Europe, 1994 acreage is expected to stabilize following implementation of the Common Agricultural Policy (CAP) while continued sales growth in 1994 is expected in Mexico. Results from Central and South America and Asia are expected to show modest growth in 1994.

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<TABLE>

Other Products Net Sales
(In thousands)

<S>	<C>	<C>
		Three Months
		Ended

	November 30,	
	1993	1992
Wheat	\$ 16,462	\$ 15,384
Microbial products	8,331	8,289
Other	15,806	13,001
	\$ 40,599	\$ 36,674

</TABLE>

In total, other products sales improved \$3.9 million for the period ended November 30, 1993, compared to the same period a year ago. Modest improvement in wheat and specialty plant product sales represent the bulk of the increase in other product sales. Additional wheat sales in Europe and Africa and the Middle East represent the majority of the total wheat sales increase as a result of the change in year-end for the Company's international subsidiaries. A \$2.8 million increase in specialty plant product sales accounts for the remaining increase in other products revenue.

Research expenses increased \$2.0 million, or 9 percent, over last year's first quarter. Increased compensation costs due to additional personnel and additional amortization related to technology acquisitions were the main components of the increase. Research expenses are expected to increase approximately 9 percent on an annual basis.

Selling and general and administrative expenses for the first three months of fiscal 1994, excluding variable costs, increased \$7.5 million over the same period a year earlier. Increased compensation costs due to normal merit increases and additional personnel and an additional \$4.7 million charge related to restructuring the Company's operations in Africa and the Middle East represent the majority of the increase. Variable costs (commission and shipping costs) as a percentage of sales were comparable between periods.

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Net interest expense for the quarter ended November 30, 1993, decreased \$1.1 million from the same period a year ago. Lower average borrowings is the primary factor behind this decrease.

Net exchange loss decreased \$1.9 million through first quarter of fiscal 1993 compared to the same period a year earlier principally due to lower exchange losses in Europe.

The estimated fiscal 1994 world-wide effective tax rate reflected in the first quarter is 39.1 percent. The actual world-wide effective tax rate for fiscal 1993 was also 39.1 percent.

Due to the seasonality of the seed business, single quarter results are seldom indicative of year-end results and quarter-to-quarter comparisons are not always meaningful. Accordingly, such comparisons are not emphasized. Typically, most of the Company's revenue and operating profit is generated in the third quarter.

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<ARTICLE> 5

<MULTIPLIER> 1,000

<TABLE>

EXHIBIT 27
FINANCIAL DATA SCHEDULE

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REGULATION	STATEMENT CAPTION	QTR - 1 1994	QTR - 1 1993	3 - MOS 1994	3 - MOS 1993
5-02 (1)	Cash and cash equivalents	64369	59259		
5-02 (3) (a) (1)	Accounts and notes receivable, net	111410	145783		
5-02 (6)	Inventory	599155	668845		
5-02 (9)	Total current assets	839901	936852		
5-02 (13)	Property, plant, and equipment	809284	801277		
5-02 (14)	Accumulated depreciation	365596	342426		
5-02 (18)	Total assets	1349506	1466598		
5-02 (21)	Total current liabilities	454401	586481		
5-02 (22)	Long-term debt	65730	78057		
5-02 (30)	Common stock	92694	92694		
5-02 (31)	Other shareholder's equity	671757	637702		
5-02 (32)	Total liabilities and shareholder's equity	1349506	1466598		
5-03 (b) (1) (a)	Net sales	66668	68357	66668	68357
5-03 (b) (2) (a)	Cost of goods sold and research	63369	58075	63369	58075
5-03 (b) (3)	Selling and general and administrative	73475	68106	73475	68106
5-03 (b) (3)	Restructuring of operations	- -	- -	- -	- -
5-03 (b) (8)	Financial income (expense), net	(1977)	(4947)	(1977)	(4947)
5-03 (b) (10)	Income/(loss) before taxes and other items	(72153)	(62771)	(72153)	(62771)
5-03 (b) (11)	Income tax (expense) benefit	28162	23497	28162	23497
5-03 (b) (14)	Income/(loss) continuing operations	(43850)	(38807)	(43850)	(38807)
5-03 (b) (18)	Cumulative effect of accounting change	- -	(16969)	- -	(16969)
5-03 (b) (19)	Net income/(loss)	(43850)	(55776)	(43850)	(55776)
5-03 (b) (20)	Earnings (loss) per share	(.49)	(.62)	(.49)	(.62)

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PIONEER HI-BRED INTERNATIONAL, INC.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(b) Reports on Form 8-K.

No reports on Form 8-K were filed with the Commission during the three months ended November 30, 1993.

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.

PIONEER HI-BRED INTERNATIONAL, INC.
(Registrant)

Date

THOMAS N. URBAN, CHAIRMAN OF THE
BOARD AND PRESIDENT

Date

JERRY L. CHICOINE, SENIOR VICE
PRESIDENT AND CHIEF
FINANCIAL OFFICER

