

DOLE FOOD CO INC  
Form 10-Q  
May 03, 2012  
Table of Contents

**UNITED STATES 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 EXCHANGE ACT OF 1934**

**For the quarterly period ended March 24, 2012**

**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 1-4455**

**Dole Food Company, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of*

*incorporation or organization)*

**One Dole Drive, Westlake Village, California 91362**

*(Address of principal executive offices and zip code)*

**99-0035300**

*(I.R.S. Employer*

*Identification No.)*

Edgar Filing: DOLE FOOD CO INC - Form 10-Q

**Registrant's telephone number, including area code:**

**(818) 879-6600**

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 by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). 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	Shares Outstanding at April 30, 2012
Common Stock, \$0.001 Par Value	88,946,386

**Table of Contents****DOLE FOOD COMPANY, INC.****INDEX**

	<b>Page Number</b>
<b>PART I</b>	
<b><u>Financial Information</u></b>	
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Statements of Operations – Quarters Ended March 24, 2012 and March 26, 2011</u>	3
<u>Condensed Consolidated Statements of Comprehensive Income – Quarters Ended March 24, 2012 and March 26, 2011</u>	4
<u>Condensed Consolidated Balance Sheets – March 24, 2012 and December 31, 2011</u>	5
<u>Condensed Consolidated Statements of Cash Flows – Quarters Ended March 24, 2012 and March 26, 2011</u>	6
<u>Condensed Consolidated Statements of Shareholders' Equity – Quarters Ended March 24, 2012 and March 26, 2011</u>	8
<u>Notes to Condensed Consolidated Financial Statements</u>	9
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	36
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	43
Item 4. <u>Controls and Procedures</u>	43
<b>PART II</b>	
<b><u>Other Information</u></b>	
Item 1. <u>Legal Proceedings</u>	44
Item 6. <u>Exhibits</u>	44
<u>Signatures</u>	45
<u>Exhibit Index</u>	46
Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act	47
Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act	48
Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act	49
Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act	50

**Table of Contents****PART I.****FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****DOLE FOOD COMPANY, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	<b>Quarter Ended</b>	
	<b>March 24, 2012</b>	<b>March 26, 2011</b>
	<b>(In thousands, except per share data)</b>	
Revenues, net	\$ 1,626,610	\$ 1,686,104
Cost of products sold	(1,455,759)	(1,479,343)
Gross margin	170,851	206,761
Selling, marketing and general and administrative expenses	(127,312)	(124,730)
Charges for restructuring (Notes 3)	(1,331)	(2,755)
Gain on asset sales (Note 7)	4,203	
Operating income	46,411	79,276
Other income (expense), net (Note 2)	3,008	(39,351)
Interest income	849	1,318
Interest expense	(30,836)	(35,470)
Income from continuing operations before income taxes and equity earnings	19,432	5,773
Income taxes	(3,858)	(5,140)
Earnings from equity method investments	1,603	1,210
Income from continuing operations, net of income taxes	17,177	1,843
Income (loss) from discontinued operations, net of income taxes	(33)	202
Net income	17,144	2,045
Less: Net income attributable to noncontrolling interests	(777)	(1,005)
Net income attributable to shareholders of Dole Food Company, Inc.	\$ 16,367	\$ 1,040
Earnings per share Basic and Diluted (Note 15):		
Income from continuing operations	\$ 0.20	\$ 0.02
Net income attributable to shareholders of Dole Food Company, Inc.	\$ 0.19	\$ 0.01

See Accompanying Notes to Condensed Consolidated Financial Statements

**Table of Contents****DOLE FOOD COMPANY, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(Unaudited)**

	<b>Quarter Ended</b>	
	<b>March 24, 2012</b>	<b>March 26, 2011</b>
	<b>(In thousands)</b>	
Net income	\$ 17,144	\$ 2,045
Net foreign currency translation adjustment	4,953	10,903
Unrealized hedging gains (losses), net of income taxes of \$1,636 and (\$578)	52,772	(1,083)
Reclassification of realized losses to net income, net of income taxes of (\$199) and \$301	2,617	4,975
<b>Comprehensive income</b>	<b>77,486</b>	<b>16,840</b>
Less: Comprehensive income attributable to noncontrolling interests	(780)	(1,008)
<b>Comprehensive income attributable to shareholders of Dole Food Company, Inc.</b>	<b>\$ 76,706</b>	<b>\$ 15,832</b>

See Notes to Condensed Consolidated Financial Statements

**Table of Contents**

**DOLE FOOD COMPANY, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Unaudited)

	March 24, 2012	December 31, 2011
	(In thousands, except per share data)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 105,736	\$ 122,348
Restricted cash	6,178	6,230
Receivables, net of allowances of \$32,512 and \$32,237, respectively	738,782	685,094
Inventories	877,031	829,517
Prepaid expenses and other assets	64,260	65,331
Deferred income tax assets	26,051	26,184
Assets held-for-sale (Note 7)	23,936	75,641
<b>Total current assets</b>	<b>1,841,974</b>	<b>1,810,345</b>
Investments	101,538	99,469
Actively marketed land (Note 7)	74,814	74,814
Property, plant and equipment, net of accumulated depreciation of \$1,172,073 and \$1,150,304, respectively	900,745	910,729
Goodwill	412,715	416,862
Intangible assets, net	739,654	732,013
Other assets, net	257,223	225,839
<b>Total assets</b>	<b>\$ 4,328,663</b>	<b>\$ 4,270,071</b>
<b>LIABILITIES AND EQUITY</b>		
Accounts payable	\$ 501,303	\$ 452,049
Liabilities related to assets held-for-sale (Note 7)		49,117
Accrued liabilities	521,487	540,479
Current portion of long-term debt, net	10,544	10,756
Notes payable	56,438	27,969
<b>Total current liabilities</b>	<b>1,089,772</b>	<b>1,080,370</b>
Long-term debt, net	1,625,833	1,641,112
Deferred income tax liabilities	184,989	181,677
Other long-term liabilities	529,643	548,491
Commitments and contingencies (Note 14)		
Shareholders' equity		
Preferred stock \$0.001 par value; 10,000 shares authorized, none issued or outstanding		
Common stock \$0.001 par value; 300,000 shares authorized, 88,952 shares issued and outstanding as of March 24, 2012 and December 31, 2011	89	89
Additional paid-in capital	789,204	786,355
Retained earnings	125,809	109,442
Accumulated other comprehensive income (loss)	(43,043)	(103,382)
<b>Equity attributable to shareholders of Dole Food Company, Inc.</b>	<b>872,059</b>	<b>792,504</b>
<b>Equity attributable to noncontrolling interests</b>	<b>26,367</b>	<b>25,917</b>

Edgar Filing: DOLE FOOD CO INC - Form 10-Q

Total equity	898,426	818,421
Total liabilities and equity	\$ 4,328,663	\$ 4,270,071

See Accompanying Notes to Condensed Consolidated Financial Statements

**Table of Contents****DOLE FOOD COMPANY, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Quarter Ended	
	March 24, 2012	March 26, 2011
	(In thousands)	
<b>Operating Activities</b>		
Net income	\$ 17,144	\$ 2,045
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	23,624	23,353
Share-based compensation expense	2,849	1,865
Net (gains) losses on financial instruments	(10,751)	38,015
Asset write-offs and net (gain) loss on sale of assets	(4,158)	2,323
Earnings from equity method investments	(1,603)	(1,210)
Amortization of debt discounts and debt issuance costs	2,527	2,615
Provision for deferred income taxes	(67)	(4,937)
Pension and other postretirement benefit plan expense	5,158	4,576
Other	(370)	
Changes in operating assets and liabilities:		
Receivables	(48,146)	(78,613)
Inventories	(47,447)	(61,245)
Prepaid expenses and other assets	(3,877)	4,348
Income taxes	(2,262)	5,246
Accounts payable	59,080	39,050
Accrued liabilities	(4,171)	(19,866)
Other long-term liabilities	(1,811)	(4,448)
Cash flow used in operating activities	(14,281)	(46,883)
<b>Investing Activities</b>		
Cash received from sales of assets and businesses, net of cash disposed	21,879	2,597
Business acquisitions, net of cash acquired	(14,474)	
Capital expenditures	(13,996)	(17,260)
Restricted cash and deposits	52	39,773
Other	(430)	(250)
Cash flow provided by (used in) investing activities	(6,969)	24,860
<b>Financing Activities</b>		
Short-term debt borrowing (repayments), net	30,794	(6,757)
Long-term debt borrowings	298,836	138,221
Long-term debt repayments	(316,973)	