

meatpoultry.com – Tues. – October 10, 2006

Swift to stay with reduced production at U.S. facilities

GREELEY, COLO. — Swift & Co., the third-largest processor of fresh beef products in the U.S., has decided to continue to limit production at three of four domestic beef processing facilities to 32 to 37 hours per week. The company cited unsustainable gross margins due to high cattle prices, seasonally weak domestic boxed beef demand and limited access to key international export markets as the key reason for the production cutback.

Production cutbacks are planned for the following Swift & Company beef facilities: Cactus, Texas; Grand Island, Neb.; and Greeley.

Swift intends to limit production at these three facilities until beef processing gross margins materially improve. The company has been operating at this level for the past several weeks.

http://www.meatpoultry.com/news/daily_eneews.asp?ArticleID=81574

Greeley (Colo.) Tribune – Wed. – October 4, 2006

Swift post's best first-quarter earnings in three years

By Bill Jackson

Swift & Co. has posted its best first quarter earnings in three years, jumping 7.7 percent from the same time last year.

The Greeley based company, the world's second largest processor of fresh beef and pork products, reported net sales of \$2.4 billion for its fiscal quarter which ended Aug. 27. The increase was the result of about a 12 percent sales gain in the beef unit and a 4.5 percent gain in pork sales.

Earnings before interest, taxes, depreciation and amortization increased 84 percent due to higher beef prices and a greater volume of beef sales.

The results were the best for Swift since December 2003, when countries banned U.S. beef when the first case of mad cow disease was reported in the U.S. said Sam Rovit, Swift & Co.'s president and chief executive officer.

"Our strategy delivered results this past quarter," Rovit said, contributing the efforts of the company's 20,000 worldwide employees for the improvements.

"While we are encouraged by our first quarter results, we recognize that a full U.S. beef market recovery may take some time to play out," Rovit said.

Most bans on U.S. beef have largely been lifted, but some countries, such as Japan, continue to restrict the age and type of U.S. beef they will buy to protect against the disease.

Swift beef's fiscal first-quarter earnings increased to \$36 million from \$4 million a year ago. Net sales for the unit were up about 12 percent at \$1.57 billion compared with \$1.4 billion a year ago, due to higher selling prices and sales volumes.

While pork sales increased to \$546 million from \$523 million last year, the pork unit's first-quarter earnings declined to \$12 million from \$16 million a year ago. Swift said the loss is due in part to higher fuel and packaging costs and to professional and consulting fees.

Pork sales was helped by higher selling prices and sales volumes. The increases in selling prices were attributable to stronger-than-usual seasonal demand for pork both domestically and internationally.

Swift Australia's first-quarter earnings dropped to \$5 million from \$9 million a year ago. Increases in livestock costs coupled with slightly lower volumes and nominally flat sales prices hurt results.

Quarterly sales for the Australia unit decreased to \$482 million from \$485 million a year ago. Sales were hurt by a 1.2 percent decrease in the Australian dollar to US dollar exchange rate compared to the prior year.

<http://www.greeleytrib.com/article/20061004/NEWS/110040127&SearchID=73259458153994>