

Shuanghui International acquires Smithfield Foods

One of the largest pork producers in the US, Smithfield Foods, agreed to be bought for \$4.72 (without debt) billion by Shuanghui International Holdings Ltd, China's biggest meat processor . This will be the largest Chinese takeover of a US company.



Smithfield Foods, Inc. and Shuanghui International Holdings Limited announced that they have entered into a definitive merger agreement that values Smithfield at approximately US\$7.1 billion, including the assumption of Smithfield's net debt. With 138.8 million outstanding shares, the value of the takeover, without debt, is \$4.7 billion.

Shuanghui International is the majority shareholder of Henan Shuanghui Investment & Development Co. (SZSE:000895), which is China's largest meat processing enterprise and China's largest publicly traded meat products company as measured by market capitalization.

Under the terms of the agreement, which has been unanimously approved by the boards of directors of both companies, Shuanghui will acquire all of the outstanding shares of Smithfield for US\$34.00 per share in cash. The purchase price represents a premium of approximately 31% over Smithfield's closing stock price on May 28, 2013, the last trading day prior to today's announcement.

"This is a great transaction for all Smithfield stakeholders, as well as for American farmers and U.S. agriculture," said C. Larry Pope, president and chief executive officer of Smithfield. We do not anticipate any changes in how we do business operationally in the United States and throughout the world. We will become part of an enterprise that shares our belief in global opportunities and our commitment to the highest standards of product safety and quality."

"We are pleased to have reached this agreement with Smithfield, which represents a

historic opportunity for both companies and their stakeholders," said Shuanghui chairman Wan Long. "Shuanghui is a leading pork producer in China and a pioneer in the Chinese meat processing industry with over 30 years of history. Smithfield is a leader in our industry and together we will be able to meet the growing demand in China for pork by importing high-quality meat products from the United States, while continuing to serve markets in the United States and around the world. The combination creates a company with an unmatched set of assets, products and geographic reach."

Mr. Wan continued: "The acquisition provides Smithfield the opportunity to expand its offering of products to China through Shuanghui's distribution network. Shuanghui will gain access to high-quality, competitively-priced and safe U.S. products, as well as Smithfield's best practices and operational expertise. We look forward to working with Larry Pope and the many employees at Smithfield."

Shuanghui is committed to continuing the long-term growth of Smithfield, and continuing to work with American farmers, producers and suppliers. Shuanghui will continue its long-term strategy and vision to become a global leader with strict adherence to the highest standards of quality control and safety compliance. Its agreement to acquire Smithfield is fully aligned with this focus. Together, Shuanghui and Smithfield will enhance their competitiveness, contributing to a more secure future for the Chinese and U.S. pork industries.

Mr. Pope added, "This transaction provides Smithfield shareholders with significant and immediate cash value for their investment, and ensures that Smithfield will continue to execute on its strategic priorities. Our board of directors is pleased with the outcome of the process we followed leading to this transaction, and we unanimously believe that this combination with Shuanghui is in the best interests of the company, our shareholders and all Smithfield stakeholders."

Closing transaction

Upon closing of the transaction, Smithfield's common stock will cease to be publicly traded. The company will be a wholly-owned independent subsidiary of Shuanghui International Holdings Limited, operating as Smithfield Foods. Mr. Pope will continue as president and chief executive officer of Smithfield, and the management teams and workforces of Smithfield's Independent Operating Companies will continue in place after the transaction.

Shuanghui will honor the collective bargaining agreements in place with Smithfield's represented employees, as well as existing wage and benefit packages for non-represented employees. Under the agreement, there will be no closures at Smithfield's facilities and locations, and Smithfield's existing management team will remain in place.

Understanding the importance of preserving Smithfield's heritage, values and connections with the communities it serves, and because it also is an engaged member of the communities it serves, Shuanghui has pledged to maintain Smithfield's headquarters in Smithfield, Va., and to continue Smithfield's philanthropic support of community initiatives and investments in sustainability.

Financed

The transaction will be financed through a combination of cash provided by Shuanghui, rollover of existing Smithfield debt, as well as debt financing that has been committed by Morgan Stanley Senior Funding, Inc. and a syndicate of banks. There is no financing condition to this transaction.

The closing of the transaction is subject to certain conditions, including, among others, approval by Smithfield's shareholders, the receipt of approval under applicable U.S. and specified foreign antitrust and anti-competition laws, The Committee on Foreign Investment in the United States and other customary closing conditions.

The transaction is expected to close in the second half of 2013.

For more info: [**Smithfield Foods**](#)

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