

Oil-Dri Corp of America
Form 10-Q
March 11, 2019

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 January 31, 2019

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 001-12622

OIL-DRI CORPORATION OF AMERICA

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

Delaware 36-2048898
(State or other jurisdiction of incorporation or (I.R.S. Employer
organization) Identification No.)

410 North Michigan Avenue, Suite 400 60611-4213
Chicago, Illinois (Zip Code)
(Address of principal executive offices)

The registrant's telephone number, including area code: (312) 321-1515

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 at least 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 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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer <input type="radio"/>	Accelerated filer <input checked="" type="radio"/>	Non-accelerated filer <input type="radio"/>	Smaller reporting company <input checked="" type="radio"/>	Emerging growth company <input type="radio"/>
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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 January 31, 2019.
Common Stock – 5,311,462 Shares and Class B Stock – 2,251,738 Shares

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FORWARD-LOOKING STATEMENTS

Certain statements in this report, including, but not limited to, those under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and those statements elsewhere in this report and other documents that we file with the Securities and Exchange Commission (“SEC”), contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about our future performance, our business, our beliefs and our management’s assumptions. In addition, we, or others on our behalf, may make forward-looking statements in press releases or written statements, or in our communications and discussions with investors and analysts in the normal course of business through meetings, webcasts, phone calls and conference calls. Words such as “expect,” “outlook,” “forecast,” “would,” “could,” “should,” “project,” “intend,” “plan,” “continue,” “believe,” “seek,” “estimate,” “assume,” and variations of such words and similar expressions are intended to identify such forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially, including, but not limited to, those described in Item 1A, Risk Factors, of our Annual Report on Form 10-K for the fiscal year ended July 31, 2018, which contains, among other risk factors, a description of the issues that may arise with the implementation of our new enterprise resource planning system which became operational on August 1, 2018. Should one or more of these or other risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, intended, expected, believed, estimated, projected or planned. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except to the extent required by law, we do not have any intention or obligation to update publicly any forward-looking statements after the distribution of this report, whether as a result of new information, future events, changes in assumptions or otherwise.

TRADEMARK NOTICE

Oil-Dri is a registered trademark of Oil-Dri Corporation of America.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

OIL-DRI CORPORATION OF AMERICA

Condensed Consolidated Balance Sheet

(in thousands, except share and per share amounts)

ASSETS	(unaudited) January 31, 2019	July 31, 2018
Current Assets		
Cash and cash equivalents	\$ 9,375	\$ 12,757
Short-term investments	480	7,124
Accounts receivable, less allowance of \$690 and \$817 at January 31, 2019 and July 31, 2018, respectively	38,282	33,602
Inventories	28,123	22,521
Prepaid repairs expense	4,116	4,111
Prepaid expenses and other assets	1,924	2,899
Total Current Assets	82,300	83,014
Property, Plant and Equipment		
Cost	241,425	236,091
Less accumulated depreciation and amortization	(155,232)	(149,385)
Total Property, Plant and Equipment, Net	86,193	86,706
Other Assets		
Goodwill	9,262	9,262
Trademarks and patents, net of accumulated amortization of \$283 and \$267 at January 31, 2019 and July 31, 2018, respectively	1,298	1,220
	1,867	2,245

Customer list, net of
accumulated
amortization
of \$5,918 and
\$5,540 at January
31, 2019 and July
31, 2018,
respectively

Deferred income taxes	7,013		7,349	
Other	5,204		4,886	
Total Other Assets	24,644		24,962	
Total Assets	\$	193,137	\$	194,682

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

OIL-DRI CORPORATION OF AMERICA
Condensed Consolidated Balance Sheet (continued)
(in thousands, except share and per share amounts)

	(unaudited)	
	January 31,	July 31,
	2019	2018
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Current maturities of notes payable	\$ 3,083	\$ 3,083
Accounts payable	7,882	6,543
Dividends payable	1,680	1,627
Accrued expenses:		
Salaries, wages and commissions	4,518	8,974
Trade promotions and advertising	1,132	1,280
Freight	5,302	1,767
Other	7,492	7,675
Total Current Liabilities	31,089	30,949
Noncurrent Liabilities		
Notes payable, net of unamortized debt issuance costs of \$46 and \$60 at January 31, 2019 and July 31, 2018, respectively	3,038	6,107
Deferred compensation	5,664	6,100
Pension and postretirement benefits	16,474	15,906
Other	4,108	3,735
Total Noncurrent Liabilities	29,284	31,848
Total Liabilities	60,373	62,797
Stockholders' Equity		
Common Stock, par value \$.10 per share, issued 8,236,449 shares at January 31, 2019 and 8,086,849 shares at July 31, 2018	823	809
Class B Stock, par value \$.10 per share, issued 2,576,479 shares at January 31, 2019 and 2,468,979 shares at July 31, 2018	258	247
Additional paid-in capital	39,730	38,473
Retained earnings	158,788	158,935
Noncontrolling interest	5	(18)
Accumulated Other Comprehensive Loss:		
Pension and postretirement benefits	(10,093)	(10,384)
Cumulative translation adjustment	(267)	(231)
Total Accumulated Other Comprehensive Loss	(10,360)	(10,615)
Less Treasury Stock, at cost (2,924,987 Common and 324,741 Class B shares at January 31, 2019 and 2,914,092 Common and 324,741 Class B shares at July 31, 2018)	(56,480)	(55,946)
Total Stockholders' Equity	132,764	131,885
Total Liabilities & Stockholders' Equity	\$ 193,137	\$ 194,682

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

OIL-DRI CORPORATION OF AMERICA
Condensed Consolidated Statements of Income and Retained Earnings
(in thousands, except for per share amounts)
(unaudited)
For the Six
Months Ended
January 31,
2019 2018