

Oil-Dri Corp of America
Form 10-Q
December 08, 2017

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 October 31, 2017

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, 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. (Check one):

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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 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 October 31, 2017.
Common Stock – 5,136,614 Shares and Class B Stock – 2,182,381 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 those described in Item 1A, Risk Factors, of our Annual Report on Form 10-K for the fiscal year ended July 31, 2017. 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

Cat's Pride, Fresh & Light, Fresh & Light Ultimate Care and Oil-Dri are registered trademarks 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)

	(unaudited)	
	October 31, 2017	July 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 8,401	\$9,095
Short-term investments	18,133	23,576
Accounts receivable, less allowance of \$726 and \$748 at October 31, 2017 and July 31, 2017, respectively	32,054	32,750
Inventories	22,759	22,615
Prepaid repairs expense	3,864	3,890
Prepaid expenses and other assets	3,690	2,304
Total Current Assets	88,901	94,230
Property, Plant and Equipment		
Cost	227,077	224,444
Less accumulated depreciation and amortization	(142,826)	(140,411)
Total Property, Plant and Equipment, Net	84,251	84,033
Other Assets		
Goodwill	9,034	9,034
Trademarks and patents, net of accumulated amortization of \$244 and \$238 at October 31, 2017 and July 31, 2017, respectively	1,273	1,223
Customer list, net of accumulated amortization of \$4,835 and \$4,601 at October 31, 2017 and July 31, 2017, respectively	2,950	3,184
Deferred income taxes	14,172	14,396
Other	6,336	6,475
Total Other Assets	33,765	34,312
Total Assets	\$ 206,917	\$ 212,575

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

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

	(unaudited)	
	October 31,	July 31,
	2017	2017
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Current maturities of notes payable	\$ 3,083	\$ 3,083
Accounts payable	7,828	9,594
Dividends payable	1,559	1,553
Accrued expenses:		
Salaries, wages and commissions	4,735	7,917
Trade promotions and advertising	1,748	2,253
Freight	1,187	1,606
Other	7,607	6,948
Total Current Liabilities	27,747	32,954
Noncurrent Liabilities		
Notes payable, net of unamortized debt issuance costs of \$82 and \$89 at October 31, 2017 and July 31, 2017, respectively	6,085	9,161
Deferred compensation	11,867	11,537
Pension and postretirement benefits	29,314	29,161
Other	3,794	3,725
Total Noncurrent Liabilities	51,060	53,584
Total Liabilities	78,807	86,538
Stockholders' Equity		
Common Stock, par value \$.10 per share, issued 8,045,606 shares at October 31, 2017 and 8,015,166 shares at July 31, 2017	804	802
Class B Stock, par value \$.10 per share, issued 2,507,122 shares at October 31, 2017 and 2,513,512 shares at July 31, 2017	251	251
Additional paid-in capital	36,775	36,242
Retained earnings	156,226	154,735
Accumulated other comprehensive loss:		
Pension and postretirement benefits	(10,146)	(10,327)
Cumulative translation adjustment	(39)	35)
Total accumulated other comprehensive loss	(10,185)	(10,292)
Less Treasury Stock, at cost (2,908,992 Common and 324,741 Class B shares at October 31, 2017 and 2,907,370 Common and 324,741 Class B shares at July 31, 2017)	(55,761)	(55,701)
Total Stockholders' Equity	128,110	126,037
Total Liabilities & Stockholders' Equity	\$ 206,917	\$ 212,575

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)