

OIL DRI CORP OF AMERICA  
Form 10-Q  
March 09, 2016

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, 2016
- 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  
(State or other jurisdiction of incorporation or  
organization)

36-2048898  
(I.R.S. Employer  
Identification No.)

410 North Michigan Avenue, Suite 400  
Chicago, Illinois  
(Address of principal executive offices)

60611-4213  
(Zip Code)

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

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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. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  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 January 31, 2016.

Common Stock – 5,058,090 Shares and Class B Stock – 2,190,994 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, 2015. 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 &amp; SUBSIDIARIES

## Condensed Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	(unaudited)	
	January 31, 2016	July 31, 2015
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 13,827	\$ 20,138
Short-term investments	15,092	2,190
Accounts receivable, less allowance of \$883 and \$761 at January 31, 2016 and July 31, 2015, respectively	30,708	31,466
Inventories	22,949	21,369
Deferred income taxes	2,468	2,468
Prepaid repairs expense	3,791	3,813
Prepaid expenses and other assets	3,885	1,199
Total Current Assets	92,720	82,643
Property, Plant and Equipment		
Cost	213,046	209,584
Less accumulated depreciation and amortization	(133,597)	(129,929)
Total Property, Plant and Equipment, Net	79,449	79,655
Other Assets		
Goodwill	9,034	9,034
Trademarks and patents, net of accumulated amortization of \$313 and \$301 at January 31, 2016 and July 31, 2015, respectively	879	818
Debt issuance costs, net of accumulated amortization of \$147 and \$133 at January 31, 2016 and July 31, 2015, respectively	132	146
Customer list, net of accumulated amortization of \$2,777 and \$2,094 at January 31, 2016 and July 31, 2015, respectively	5,008	5,691
Deferred income taxes	5,792	6,031
Other	6,041	6,013
Total Other Assets	26,886	27,733
Total Assets	\$ 199,055	\$ 190,031

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



## OIL-DRI CORPORATION OF AMERICA &amp; SUBSIDIARIES

## Condensed Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	(unaudited)	
	January 31,	July 31,
	2016	2015
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Current maturities of notes payable	\$3,083	\$3,483
Accounts payable	7,704	7,428
Dividends payable	1,407	1,376
Accrued expenses:		
Salaries, wages and commissions	8,662	6,245
Trade promotions and advertising	2,441	2,721
Freight	2,326	1,874
Other	6,531	5,761
<b>Total Current Liabilities</b>	<b>32,154</b>	<b>28,888</b>
<b>Noncurrent Liabilities</b>		
Notes payable	12,333	15,417
Deferred compensation	9,622	9,518
Pension and postretirement benefits	23,675	23,429
Other	3,200	2,251
<b>Total Noncurrent Liabilities</b>	<b>48,830</b>	<b>50,615</b>
<b>Total Liabilities</b>	<b>80,984</b>	<b>79,503</b>
<b>Stockholders' Equity</b>		
Common Stock, par value \$.10 per share, issued 7,980,743 shares at January 31, 2016 and 7,936,343 shares at July 31, 2015	798	794
Class B Stock, par value \$.10 per share, issued 2,515,735 shares at January 31, 2016 and 2,389,735 shares at July 31, 2015	252	239
Additional paid-in capital	33,460	32,632
Retained earnings	148,493	142,095
Accumulated other comprehensive loss:		
Pension and postretirement benefits	(8,667	) (8,975
Cumulative translation adjustment	(420	) (270
<b>Total accumulated other comprehensive loss</b>	<b>(9,087</b>	<b>) (9,245</b>
Less Treasury Stock, at cost (2,922,653 Common and 324,741 Class B shares at January 31, 2016 and 2,932,796 Common and 324,741 Class B shares at July 31, 2015)	(55,845	) (55,987
<b>Total Stockholders' Equity</b>	<b>118,071</b>	<b>110,528</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$199,055</b>	<b>\$190,031</b>

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

OIL-DRI CORPORATION OF AMERICA & SUBSIDIARIES  
Condensed Consolidated Statements of Income and Retained Earnings  
(in thousands, except for per share amounts)

(unaudited)  
For the Six Months Ended  
January 31,  
2016                      2015