
Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

December 7, 2018

Oil-Dri Corporation of America

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

001-12622

(Commission File
Number)

36-2048898

(IRS Employer
Identification No.)

**410 North Michigan Avenue
Suite 400
Chicago, Illinois**

(Address of principal executive offices)

60611-4213

(Zip Code)

Registrant's telephone number, including area code

(312) 321-1515

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On December 7, 2018, Oil-Dri Corporation of America (the “Registrant”) issued a press release announcing its results of operations for its first quarter ended October 31, 2018. A copy of the press release is attached as Exhibit 99.1 and the information contained therein is incorporated herein by reference. The information contained in this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), and it shall not be deemed incorporated by reference into any filing under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description of Exhibits
99.1	Press Release of the Registrant dated December 7, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OIL-DRI CORPORATION OF AMERICA

By: /s/ Laura G. Scheland
Laura G. Scheland
Vice President and General Counsel

Date: December 7, 2108

Exhibit Index

Exhibit Number	Description of Exhibits
99.1	Press Release of the Registrant dated December 7, 2018

[\(Back To Top\)](#)

Section 2: EX-99.1 (EXHIBIT 99.1)



News Announcement
For Immediate Release

Exhibit 99.1

Oil-Dri Announces First Quarter of Fiscal 2019 Results

CHICAGO-(December 7, 2018)-Oil-Dri Corporation of America (NYSE: ODC), producer and marketer of sorbent mineral products, announced today its first quarter 2019 earnings.

First Quarter
Ended October 31, 2018

	F19	F18	Change
Consolidated Results			
Net Sales	\$66,143,000	\$66,646,000	(1)%
Net Income Attributable to Oil-Dri	\$906,000	\$3,050,000	(70)%
Earnings per Diluted Share	\$0.12	\$0.41	(71)%
Business to Business			
Net Sales	\$25,326,000	\$27,087,000	(7)%
Segment Operating Income	\$7,032,000	\$8,876,000	(21)%
Retail and Wholesale			
Net Sales	\$40,817,000	\$39,559,000	3%
Segment Operating Income	\$9,000	\$2,365,000	(100)%

Daniel S. Jaffee stated, "I am not pleased with the financial results of fiscal 2019's first quarter. Behind the many challenges faced in the quarter, I continue to see great promise in our value-added products. Our Business to Business and Consumer strategies are working and hold great promise for long term success.

In the quarter, we experienced higher costs of freight, packaging and non-fuel manufacturing costs. The cost of freight increased

more than 2 million dollars, or greater than 20% compared to the first quarter of fiscal 2018. While portions of the freight increase were one-time, we expect the majority of the increase to continue for the remainder of the year and beyond. This increase is not specific to Oil-Dri, but widespread in the market.

Reagan B. Culbertson
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In addition to the freight increase, net income was negatively impacted by increased advertising costs in support of our Cat's Pride litter products and the mix of Business to Business products sold.

As expected, overall cash flow, sales and profitability were negatively impacted by the implementation of our new enterprise resource planning (ERP) system that went live during the quarter. In the period, compliance costs and fines related to order processing, shipping and customer communication were estimated to be \$500,000, and costs associated with ERP project consultants were approximately \$600,000.

Net sales of our Business to Business products decreased in the period due to price competition, driven partially by currency exchange rates in Latin America and order timing. We continue to be excited about feedback from the field regarding our Amlan International products, Varium and NeoPrime, that offer natural alternatives to improving growth in global poultry and swine operations.

In October, Cat's Pride was proud to be the sponsor of a major network television integration, reaching over 36 million impressions. The sponsorship promoted brand awareness of the Cat's Pride Fresh & Light product line and our Litter for Good campaign, in which one pound of litter is donated to animal welfare organizations for every Fresh & Light green jug purchased. Catspride.com website traffic increased 71% and social media traffic increased 90% during the integration. The sponsorship helped our Litter for Good program, generating growth in Cat's Pride Club membership, shelter nominations to receive donated litter and shelter participation in the program. To date, our Cat's Pride Club membership has grown by 19,000 since the launch of our Litter for Good program less than a year ago, and we have promised over 3.6 million pounds in litter donations.

Net sales of consumer products were up approximately 5% compared to the first quarter of fiscal 2018, contributing to this was a 21% increase in net sales of private label lightweight litter. This growth is encouraging given the operational challenges that were faced during the quarter due to the ERP system implementation.

For more details on our financial results, please review the Form 10-Q that was filed today and join us for our earnings teleconference and 2018 Annual Meeting of Stockholders on Tuesday, December 11th. Remote participation details are available on our website's [Events](#) page."



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While Oil-Dri's founding product was granular clay floor absorbents, it has since greatly diversified its portfolio. The Company's mission to "Create Value from Sorbent Minerals" is supported by its wide array of consumer and business to business product offerings. In 2016, Oil-Dri celebrated its seventy-fifth year of business and looks forward to the next milestone.

The Company will host its first quarter fiscal 2019 teleconference and 2018 Annual Meeting of Stockholders on Tuesday, December 11, 2018.

The meeting will commence at 9:30 am Central Time. The event will be held on the sixth floor of The University of Chicago Booth School of Business, Gleacher Center, 450 Cityfront Drive, Chicago, Illinois 60611. Remote participation details are available on our website's [Events](#) page.

"Oil-Dri", "Amlan", "Cat's Pride", "Fresh & Light", "Varium", and "NeoPrime" are registered trademarks of Oil-Dri Corporation of America. "Litter for Good" is a trademark of Oil-Dri Corporation of America.

Certain statements in this press release may contain forward-looking statements that are based on our 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 other 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," "anticipate," "may," "assume," or 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, the dependence of our future growth and financial performance on successful new product introductions, intense competition in our markets, volatility of our quarterly results, risks associated with acquisitions, our dependence on a limited number of customers for a large portion of our net sales and other risks, uncertainties and assumptions that are described in Item 1A (Risk Factors) of our most recent Annual Report on Form 10-K and other reports we file with the Securities and Exchange Commission. Should one or more of these or other risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those anticipated, intended, expected, believed, estimated, projected or planned. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. 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 press release, whether as a result of new information, future events, changes in assumptions, or otherwise.

3

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CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(in thousands, except per share amounts)

	First Quarter Ended October 31			
	2018	% of Sales	2017	% of Sales
Net Sales	\$ 66,143	100.0 %	\$ 66,646	100.0 %
Cost of Sales (1)	(50,133)	(75.8)%	(47,671)	(71.5)%
Gross Profit	16,010	24.2 %	18,975	28.5 %
Selling, General and Administrative Expenses (1)	(15,007)	(22.7)%	(14,760)	(22.1)%
Operating Income	1,003	1.5 %	4,215	6.3 %
Interest Expense	(151)	(0.2)%	(201)	(0.3)%
Other Income (1)	32	— %	(175)	(0.3)%
Income Before Income Taxes	884	1.3 %	3,839	5.8 %
Income Tax Benefit (Expense)	50	0.1 %	(789)	(1.2)%
Net Income	934	1.4 %	3,050	4.6 %
Net Income Attributable to Noncontrolling Interest	28	—	—	—
Net Income Attributable to Oil-Dri	\$ 906	1.4 %	\$ 3,050	4.6 %
Net Income Per Share:				
Basic Common	\$ 0.13		\$ 0.45	
Basic Class B Common	\$ 0.10		\$ 0.34	
Diluted Common	\$ 0.12		\$ 0.41	
Average Shares Outstanding:				
Basic Common	5,076		5,025	
Basic Class B Common	2,069		2,090	
Diluted Common	7,243		7,211	

(1) Prior year amounts have been retrospectively adjusted to conform to the current year presentation of the non-service cost components of net periodic benefit cost required by new guidance under Accounting Standards Codification (“ASC”) 715, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.



CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

(unaudited)

	As of October 31		
	2018	2017	
Current Assets			
Cash and Cash Equivalents	\$ 9,019	\$ 8,401	
Short-term Investments	2,652	18,133	
Accounts Receivable, Net	39,935	32,054	
Inventories	25,413	22,759	
Prepaid Expenses	8,200	7,554	
Total Current Assets	85,219	88,901	
Property, Plant and Equipment, Net	87,338	84,251	
Other Assets	24,394	33,765	
Total Assets	\$ 196,951	\$ 206,917	
Current Liabilities			
Current Maturities of Notes Payable	\$ 3,083	\$ 3,083	
Accounts Payable	13,287	7,828	
Dividends Payable	1,656	1,559	
Accrued Expenses	17,691	15,277	
Total Current Liabilities	35,717	27,747	
Noncurrent Liabilities			
Notes Payable	3,031	6,085	
Other Noncurrent Liabilities	26,416	44,975	
Total Noncurrent Liabilities	29,447	51,060	
Stockholders' Equity	131,787	128,110	
Total Liabilities and Stockholders' Equity	\$ 196,951	\$ 206,917	
Book Value Per Share Outstanding	\$ 18.44	\$ 18.01	
Acquisitions of:			
Property, Plant and Equipment	First Quarter	\$ 4,058	\$ 4,045
	Year To Date	\$ 4,058	\$ 4,045
Depreciation and Amortization Charges	First Quarter	\$ 3,305	\$ 3,192
	Year To Date	\$ 3,305	\$ 3,192



CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	For the Three Months Ended October 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 934	\$ 3,050
Adjustments to reconcile net income to net cash provided by operating activities, net of acquisition:		
Depreciation and Amortization	3,305	3,192
(Increase) Decrease in Accounts Receivable	(6,367)	718
(Increase) in Inventories	(2,933)	(154)
Increase (Decrease) in Accounts Payable	7,290	(825)
(Decrease) in Accrued Expenses	(1,780)	(3,275)
Increase in Pension and Postretirement Benefits	479	334
Other	(244)	(472)
Total Adjustments	(250)	(482)
Net Cash Provided by Operating Activities	684	2,568
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(4,058)	(4,045)
Net Dispositions of Investment Securities	4,482	5,468
Other	—	8
Net Cash Provided by Investing Activities	424	1,431
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(3,083)	(3,083)
Dividends Paid	(1,627)	(1,553)
Purchase of Treasury Stock	(135)	(27)
Net Cash Used in Financing Activities	(4,845)	(4,663)
Effect of exchange rate changes on cash and cash equivalents	(1)	(30)
Net Decrease in Cash and Cash Equivalents	(3,738)	(694)
Cash and Cash Equivalents, Beginning of Period	12,757	9,095
Cash and Cash Equivalents, End of Period	\$ 9,019	\$ 8,401