



Oil-Dri Announces Third Quarter and First Nine-Months of Fiscal 2019 Results

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CHICAGO, June 07, 2019 (GLOBE NEWSWIRE) – Oil-Dri Corporation of America (NYSE: ODC), producer and marketer of sorbent mineral products, today announced results for its third quarter and first nine-months of fiscal 2019.

	Third Quarter Ended April 30			Year to Date Ended April 30		
	F19	F18	Change	F19	F18	Change
Consolidated Results						
Net Sales	\$70,885,000	\$64,847,000	9%	\$206,908,000	\$200,387,000	3%
Net Income Attributable to Oil-Dri	\$5,619,000	\$3,585,000	57%	\$8,812,000	\$5,539,000	59%
Earnings per Diluted Share	\$0.74	\$0.48	54%	\$1.17	\$0.75	56%
Business to Business						
Net Sales	\$26,041,000	\$24,784,000	5%	\$77,825,000	\$79,226,000	(2)%
Segment Operating Income	\$7,454,000	\$7,556,000	(1)%	\$21,758,000	\$26,191,000	(17)%
Retail and Wholesale						
Net Sales	\$44,844,000	\$40,063,000	12%	\$129,083,000	\$121,161,000	7%
Segment Operating Income	\$4,161,000	\$2,223,000	87%	\$6,823,000	\$7,010,000	(3)%

Daniel S. Jaffee, President and CEO, stated, "Our third quarter results demonstrate progress in executing our long-term growth strategies. I am pleased with the strong revenue momentum in our Retail & Wholesale Group and the gains in our Business to Business Group. Although we continue to experience challenges caused by market conditions and increased costs, we remain focused on improving operational efficiencies and continue to lay the groundwork to capture the full value of our investments."

The Business to Business Group experienced an increase in sales of 5% in the third quarter over the prior year, led by a 13% gain of fluid purification products, mainly in our North American and Latin American markets. Other revenue increases were due to growth of engineered granules within the Agricultural sector, and coarse cat litter in the Co-Packaging division. Sales of our animal health and nutrition products declined 27% in the quarter versus the prior year. Our business in Asia, including our subsidiary in China, continues to be negatively impacted by the African Swine Fever.

Operating Income in the Business to Business sector was down 1% in the third quarter versus the prior year. Despite modest sales gains and a 12% reduction in SG&A expenses, higher manufacturing, freight and packaging costs continued to erode margins.

In the third quarter of fiscal 2019, sales in the Retail & Wholesale Group increased by 12% over the prior year. Total cat litter sales increased 15%, driven by strong demand for our Cat's Pride Scoopable branded litter at many of our large-scale retail accounts. Both scoopable and coarse private label litter revenue rose as well, due to organic growth and the addition of several new customers. According to third-party market research data for retail sales¹, our combined branded and private label unit share of the overall cat litter segment continued to climb to 15.3%, compared to 13.3% in the same period of 2018.

Operating Income in the Retail & Wholesale segment for the third quarter increased 87% over the same period last year. Increased revenues and a \$2 million reduction in advertising expenses offset higher manufacturing, freight and packaging costs. To counteract ongoing cost pressures, we increased our prices on all cat litter products, effective May 1st. We expect to see the effect of this change in pricing with improved margins in our fiscal fourth quarter.

The Retail & Wholesale group continues to strategically allocate advertising dollars to enhance product sales. In addition to our ongoing digital media plan, we are improving the efficiency of promotional spending by targeting regional markets. With the recent launch of our new packaging design in May, all branded cat litter products will bear the newly designed Cat's Pride logo. This change will provide more visual consistency throughout our product line.

Overall, I feel that we delivered solid third quarter results. I am optimistic about the future of Oil-Dri and our ability to drive enhanced returns for our shareholders."

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 third quarter teleconference on Monday, June 10, 2019 at 10:00am Central Time. Participation details are available on our website's [Events](#) page.

¹Based in part on data reported by Nielsen through its Nielsen Answers Core Service for the Pet Care Category for the 12 week period ended April 20, 2019, for the U.S. market. Copyright © 2019 Nielsen.

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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.

CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(in thousands, except per share amounts)

	Third Quarter Ended April 30			
	2019	% of Sales	2018	% of Sales
Net Sales	\$ 70,885	100.0 %	\$ 64,847	100.0 %
Cost of Sales (1)	(54,051)	(76.3)%	(47,187)	(72.8)%
Gross Profit	16,834	23.7 %	17,660	27.2 %
Selling, General and Administrative Expenses (1)	(14,507)	(20.5)%	(14,366)	(22.2)%
Operating Income	2,327	3.3 %	3,294	5.1 %
Interest Expense	(141)	(0.2)%	(149)	(0.2)%
Other Income (1) (2)	4,518	6.4 %	150	0.2 %
Income Before Income Taxes	6,704	9.5 %	3,295	5.1 %
Income Tax (Expense) Benefit	(1,143)	(1.6)%	290	0.4 %
Net Income	5,561	7.8 %	3,585	5.5 %
Net Loss Attributable to Noncontrolling Interest	(58)	—	—	—
Net Income Attributable to Oil-Dri	\$ 5,619	7.9 %	\$ 3,585	5.5 %
Net Income Per Share: Basic Common	\$ 0.81		\$ 0.53	
Basic Class B Common	\$ 0.61		\$ 0.40	
Diluted Common	\$ 0.74		\$ 0.48	
Avg Shares Outstanding: Basic Common	5,126		5,037	
Basic Class B Common	2,068		2,102	
Diluted Common	7,253		7,222	

	Nine Months Ended April 30			
	2019	% of Sales	2018	% of Sales
Net Sales	\$ 206,908	100.0 %	\$ 200,387	100.0 %
Cost of Sales (1)	(158,660)	(76.7)%	(144,095)	(71.9)%
Gross Profit	48,248	23.3 %	56,292	28.1 %
Selling, General and Administrative Expenses (1)	(42,091)	(20.3)%	(43,600)	(21.8)%
Operating Income	6,157	3.0 %	12,692	6.3 %
Interest Expense	(434)	(0.2)%	(549)	(0.3)%
Other Income (1) (2)	4,653	2.2 %	62	— %
Income Before Income Taxes	10,376	5.0 %	12,205	6.1 %
Income Tax Expense	(1,599)	(0.8)%	(6,666)	(3.3)%
Net Income	8,777	4.2 %	5,539	2.8 %
Net Loss Attributable to Noncontrolling Interest	(35)	— %	—	— %
Net Income Attributable to Oil-Dri	\$ 8,812	4.3 %	\$ 5,539	2.8 %
Net Income Per Share: Basic Common	\$ 1.27		\$ 0.82	
Basic Class B Common	\$ 0.95		\$ 0.62	
Diluted Common	\$ 1.17		\$ 0.75	
Avg Shares Outstanding: Basic Common	5,108		5,032	
Basic Class B Common	2,068		2,099	
Diluted Common	7,245		7,217	

(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.

(2) For further information about amounts included in this line item, please refer to Note 7 of the Notes to Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the period ended April 30, 2019.

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

(unaudited)

	As of April 30	
	2019	2018
Current Assets		
Cash and Cash Equivalents	\$ 16,224	\$ 10,613
Short-term Investments	730	14,297
Accounts Receivable, Net	35,906	32,566
Inventories	26,738	23,415
Prepaid Expenses	7,210	6,241
Total Current Assets	86,808	87,132

Property, Plant and Equipment, Net		87,086		84,807
Other Assets		24,584		26,071
Total Assets		<u>\$ 198,478</u>	<u>\$</u>	<u>198,010</u>
Current Liabilities				
Current Maturities of Notes Payable	\$	3,083	\$	3,083
Short-term borrowing		—		6,000
Accounts Payable		8,608		7,747
Dividends Payable		1,689		1,559
Accrued Expenses		18,121		17,330
Total Current Liabilities		<u>31,501</u>		<u>35,719</u>
Noncurrent Liabilities				
Notes Payable		3,045		6,099
Other Noncurrent Liabilities		26,417		27,179
Total Noncurrent Liabilities		<u>29,462</u>		<u>33,278</u>
Stockholders' Equity		<u>137,515</u>		<u>129,013</u>
Total Liabilities and Stockholders' Equity		<u>\$ 198,478</u>	<u>\$</u>	<u>198,010</u>
Book Value Per Share Outstanding		\$ 19.16	\$	18.09
Acquisitions of:				
Property, Plant and Equipment	Third Quarter	\$ 3,963	\$	3,683
	Year To Date	\$ 10,162	\$	10,533
Depreciation and Amortization Charges	Third Quarter	\$ 3,310	\$	3,164
	Year To Date	\$ 9,849	\$	9,577

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	For the Nine Months Ended	
	April 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 8,777	\$ 5,539
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	9,849	9,577
(Increase) Decrease in Accounts Receivable	(2,185)	35
Increase in Inventories	(4,248)	(783)
Increase (Decrease) in Accounts Payable	2,873	(888)
Decrease in Accrued Expenses	(1,762)	(1,198)
Increase (Decrease) in Pension and Postretirement Benefits	1,287	(11,223)
Other	773	1,730
Total Adjustments	<u>6,587</u>	<u>(2,750)</u>
Net Cash Provided by Operating Activities	<u>15,364</u>	<u>2,789</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(10,162)	(10,533)
Net Dispositions of Investment Securities	6,404	9,375
Other	—	1,766
Net Cash (Used in) Provided by Investing Activities	<u>(3,758)</u>	<u>608</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(3,083)	(3,083)
Dividends Paid	(4,967)	(4,671)
Purchase of Treasury Stock	(141)	(27)
Proceeds from Short-Term Borrowing	—	6,000
Net Cash Used in Financing Activities	<u>(8,191)</u>	<u>(1,781)</u>
Effect of exchange rate changes on Cash and Cash Equivalents	52	(98)
Net Increase in Cash and Cash Equivalents	<u>3,467</u>	<u>1,518</u>

Cash and Cash Equivalents, Beginning of Period
Cash and Cash Equivalents, End of Period

	12,757	9,095
	<u>\$ 16,224</u>	<u>\$ 10,613</u>

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