

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **1999-07-27** | Period of Report: **1999-06-30**  
SEC Accession No. **0001029506-99-000029**

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### FILER

#### **RALCORP HOLDINGS INC /MO**

CIK: **1029506** | IRS No.: **431766315** | State of Incorporation: **MO** | Fiscal Year End: **0930**  
Type: **8-K** | Act: **34** | File No.: **001-12619** | Film No.: **99670752**  
SIC: **2040** Grain mill products

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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): July 27, 1999

Ralcorp Holdings, Inc.

(Exact name of registrant as specified in its charter)

Missouri (State or other Jurisdiction of Incorporation)	1-12619 (Commission File Number)	43-1766315 (I.R.S. Employer Identification No.)
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800 Market Street, Suite 2900  
St. Louis, MO

(Address of principal  
executive offices)

63101  
(Zip Code)

(314) 877-7000

(Registrant's telephone number, including area code)

Item 5. Other Events.

In a press release dated July 27, 1999, a copy of which is attached hereto as Exhibit 99.1 and the text of which is incorporated by reference herein, the registrant announced its results of operations for the period ended June 30, 1999.

Item 7. Financial Statements and Exhibits.

Exhibit 99.1 Press Release dated July 27, 1999

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 thereunto duly authorized.

RALCORP HOLDINGS, INC.  
(Registrant)

Date: July 27, 1999

By: /s/ T. G. Granneman  
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Duly Authorized Signatory and  
Chief Accounting Officer

EXHIBIT INDEX

Exhibit  
Number  
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Description  
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Exhibit 99.1      Press Release dated July 27, 1999

Immediate  
Daniel P. Zoellner  
314/877-7052

RALCORP HOLDINGS REPORTS THIRD QUARTER  
AND NINE-MONTH 1999 EARNINGS

ST. LOUIS, MO, JULY 27, 1999 Ralcorp Holdings, Inc. today reported improved net sales and net earnings for its core food businesses (operating results excluding equity earnings from the Company's investment in Vail Resorts, Inc.). Net sales for the third quarter ended June 30, 1999 were \$154.4 million compared to net sales for the same quarter last year of \$143.3 million, an improvement of over 7.7 percent. Net earnings for the Company's core food businesses were \$7.8 million for the quarter ended June 30, 1999 compared to \$7.0 million of net earnings in the same prior year quarter, an 11.4 percent increase. These improved quarterly results were driven primarily by favorable results from recent acquisitions compared to the prior year results of the now divested baby food business. In addition, the Company's operating results continue to be positively affected by its aggressive cost containment focus.

On an earnings per share basis, the Company's core food businesses recorded basic and diluted earnings per share for the current year's third quarter of approximately \$.25, compared to last year's third quarter food business basic and diluted earnings per share of \$.21, an approximate 19 percent increase.

Ralcorp's core food businesses also performed very well in a comparison of nine-month periods ended June 30, 1999 and 1998. Net sales increased 7.5 percent, from \$427.6 million for the nine months ended June 30, 1998 to \$459.6 million for the same nine-month period of the current fiscal year. Net earnings for the food businesses for the nine months ended June 30, 1999 were \$24.9 million compared to \$19.8 million for the same prior year period, a rise of 25.8 percent. On a diluted earnings per share basis, results of the food businesses approximates \$.78 for the current year's nine-month period compared to \$.60 in the prior year, a 30 percent improvement. These year-over-year gains for the nine months can be primarily attributed again to the favorable results of acquisitions when compared to prior year baby food business results, as well as to organic growth within the Company's Consumer Foods segment during the first six months of the current year period.

The Company's overall results for the current year quarter and nine-month periods ended June 30, 1999 were negatively impacted by its equity investment in Vail Resorts, Inc. (Vail). For the quarter ended June 30, 1999, the Company recorded \$7.0 million in pre-tax equity earnings, a 27.8 percent decline from the \$9.7 million in pre-tax equity earnings recorded in the same prior year period. In a comparison of nine-month periods, the Company recorded \$7.1 million of pre-tax equity earnings in the current year versus \$13.9 million in the prior year, a drop of 48.9 percent. Including the results of Ralcorp's equity earnings, net earnings and diluted earnings per share for the quarter ended June 30, 1999 were \$12.1 million and \$.38, respectively, compared to \$13.2 million, or \$.40, for the same prior year period. For the nine months ended June 30, 1999, the Company, including its Vail equity earnings, reported net earnings of \$29.3 million, or \$.92 per diluted share, compared to \$28.5 million, or \$.86 per diluted share, for the same nine-month period of the prior year.

<TABLE>  
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NET SALES BY DIVISION				
	Three Months Ended June 30,		Three Months Ended June 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Ralston Foods	\$ 68.8	\$ 66.9	\$ 219.1	\$ 207.1
Bremner	40.0	36.5	128.3	115.4
Beech-Nut	-	31.7	-	96.9
Consumer Foods	\$ 108.8	\$ 135.1	\$ 347.4	\$ 419.4
Snack Nuts	27.4	8.2	88.5	8.2
Martin Gillet	18.2	-	23.7	-
	\$ 154.4	\$ 143.3	\$ 459.6	\$ 427.6

</TABLE>

CONSUMER FOODS

Actual Consumer Foods sales were down \$26.3 million for the quarter and \$72.0 million for the nine months, as the prior year periods include the sales of the now divested branded baby food business, Beech-Nut Nutrition Corporation (Beech-Nut). On a comparison of current year quarter sales to prior year quarter sales, excluding the benefit of the branded baby food business, sales improved \$5.4 million. Comparing sales of the first nine months of the current fiscal year to the same prior year period, again excluding Beech-Nut, sales rose \$24.9 million. Sales from the Company's cereal business improved 2.8 percent when comparing third quarter results for fiscal years 1999 and 1998. Volume improvements in hot cereals and an improved product mix were the key items driving this sales growth. Current year third quarter store brand ready-to-eat cereal volume declined just 1.9 percent, against volume improvements in the prior year third quarter of 7.3 percent and very heavy promotional activity by major branded cereal manufacturers in the current year. For the same comparative periods, the Company's hot cereal volume rose 12.9 percent, continuing the impressive growth realized in the first half of this fiscal year. Volume comparisons for the current and prior year nine-month periods also reflected year-over-year improvement. Ready-to-eat cereal volume improved .2 percent in a slightly declining category, and following a 6.5 percent volume improvement last year, while hot cereal volume grew 23.1 percent.

Sales revenue increases were also achieved in both current year periods by the Bremner cracker and cookie operation. Both the quarter and nine-month periods of the current fiscal year benefited from the addition of sales revenue from Sugar Kake Cookie Inc. Sugar Kake, a primarily private label cookie operation, was acquired in August 1998. Volumes for the pre-existing cracker and cookie operation (excluding Sugar Kake) have been adversely affected by the aggressive promotional activity of large branded cracker and cookie manufacturers. Despite deep discounting by these branded product manufacturers, volume declined just 1.9 percent in the current year's third quarter compared to the same prior year quarter, with the higher percentage of volume decline occurring in the lower margin saltine and graham cracker area. In a comparison of nine-month periods, again excluding the Sugar Kake acquisition, cracker and cookie volume declined 1.5 percent, again driven by less volume from the lower margin saltine and graham crackers.

From an operating results perspective, Ralcorp's Consumer Foods segment recorded operating profit of \$12.6 million for the current quarter and \$39.9 million for the nine months ended June 30, 1999. This compares to operating profit of \$12.7 million for the quarter ended June 30, 1998, including a \$.5 million operating loss from the now divested branded baby food business, and \$36.7 million for the nine months ended June 30, 1998, including \$.4 million from Beech-Nut. Ralston Foods' operating profit declined slightly in the quarter as the benefits of increased hot cereal volume, an improved product mix and continued cost containment could not completely offset the slight decline in ready-to-eat cereal volume and higher promotion expenses. For the year to date period ended June 30, 1999, the Company's cereal division benefited primarily from hot cereal and co-packing volume gains, a product mix improvement and favorable raw material costs, while maintaining a significantly lower cost base. Bremner operating profit for the quarter ended June 30, 1999 was down slightly from the same prior year quarter, despite the addition of Sugar Kake in the current year's results. The additional operating profit from Sugar Kake, favorable ingredient costs and enhanced operating efficiencies were only partially able to offset the decline in cracker and cookie volume and the increased price discounting instituted to combat the heavy branded promotion activity. For the nine months, Bremner's operating profit improved considerably due to the addition of Sugar Kake volume and operating profit in current year operations. In addition, the pre-existing Bremner operation continued to benefit from a favorable product mix and from improved production yields.

#### SNACK NUTS

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The Company's snack nuts business, which consists of Nutcracker Brands, Inc., Flavor House Products, Inc. and, as of March 24, 1999, Southern Roasted Nuts of Georgia, Inc., recorded net sales and operating profit for the quarter ended June 30, 1999 of \$27.4 million and \$1.4 million, respectively. Net sales for the nine months ended June 30, 1999 were \$88.5 million with a corresponding operating profit of \$6.2 million. The prior year included just \$8.2 million in net sales, which represented solely the operations of Flavor House since its acquisition on April 23, 1998.

Operations in the Snack Nuts segment are somewhat seasonal, with a higher percentage of sales and operating profits recorded in the first fiscal quarter.

#### MARTIN GILLET

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Ralcorp Holdings began operating in mayonnaise and shelf-stable salad dressings with the March 4, 1999 acquisition of Martin Gillet & Co., Inc. For the quarter ended June 30, 1999 the operations of Martin Gillet resulted in \$18.2 million in net sales and \$.5 million of operating profit. Since its acquisition, Martin Gillet operations have recorded \$23.7 million in net sales and \$.9 million of operating profit.

The Company continues to work toward integrating Martin Gillet into the Ralcorp business portfolio. As part of that effort, an extensive cost reduction program has been initiated, which should benefit this division's operating results in the future.

#### BUSINESS SEGMENTS - COMBINED

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On a combined EBITDA (earnings before interest, taxes, depreciation and amortization) basis, the Company recorded \$58.2 million for the nine months ended June 30, 1999, excluding the equity earnings from its Vail investment. This represents a 27.6 percent improvement over the foods business EBITDA in the

prior year's first nine months of \$45.6 million, including Beech-Nut.

EQUITY INTEREST IN VAIL RESORTS, INC.  
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As a result of the sale of Ralcorp's resort operations to Vail Resorts, Inc., Ralcorp maintains an approximate 21.9 percent equity ownership interest in Vail. Aberrant weather conditions during the peak ski season hurt the operating results of Vail. These difficult weather conditions, plus timing issues resulting from a fiscal year end change at Vail, combined to negatively affect the Company's equity earnings from its investment in Vail. For the three- and nine-month periods ended June 30, 1999, the Company's equity stake in Vail resulted in non-cash, pre-tax earnings of \$7.0 million and \$7.1 million, respectively. This compares to non-cash, pre-tax equity earnings for the same prior year periods of \$9.7 million and \$13.9 million, respectively. Due to the timing of a fiscal year end change at Vail, the prior year equity income amounts represent the Company's portion of Vail's operating results for only the period of October 1997 through April 1998. The current year equity earnings are based on the full nine-month period of August 1998 through April 1999, a period that includes the historically unprofitable ski months of August through October. Ralcorp's equity in Vail earnings for Vail's quarter and year ending July 31, 1999 will be reported in the Company's fourth fiscal quarter and year ending September 30, 1999.

UNAUDITED PRO FORMA INFORMATION  
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The accompanying Unaudited Pro Forma Combined Statements of Earnings reflect pro forma information for the three- and nine-month periods ended June 30, 1998. This information assumes the divestiture of Beech-Nut was completed as of the beginning of the prior fiscal year.

See the attached schedules and notes for additional information on the quarter and nine-month results for both years.

NOTE: This press release may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Any such forward-looking statements are subject to various risks and uncertainties and are therefore qualified by the Company's cautionary statements contained in its filings with the Securities and Exchange Commission.

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RALCORP HOLDINGS, INC.  
CONSOLIDATED STATEMENT OF EARNINGS  
(in millions except per share data)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1999	1998	1999	1998
<S> Net Sales	<C> \$ 154.4	<C> \$143.3	<C> \$ 459.6	<C> \$427.6

Costs and Expenses				
Cost of products sold	114.6	94.8	335.2	277.9
Selling, general and administrative	21.2	25.2	64.6	74.5
Advertising and promotion	5.5	12.2	18.8	43.3
Interest expense (income), net	.5	-	.8	(.1)
Equity in earnings of Vail Resorts, Inc.	(7.0)	(9.7)	(7.1)	(13.9)
	-----	-----	-----	-----
	134.8	122.5	412.3	381.7
	-----	-----	-----	-----
Earnings before Income Taxes	19.6	20.8	47.3	45.9
Income Taxes	7.5	7.6	18.0	17.4
	-----	-----	-----	-----
Net Earnings	\$ 12.1	\$ 13.2	\$ 29.3	\$ 28.5
	=====	=====	=====	=====
Basic Earnings per Share	\$ .39	\$ .40	\$ .94	\$ .87
	=====	=====	=====	=====
Diluted Earnings per Share	\$ .38	\$ .40	\$ .92	\$ .86
	=====	=====	=====	=====
Weighted Average Shares Outstanding - Basic	31.1	32.6	31.2	32.8
Weighted Average Shares Outstanding - Diluted	31.7	33.1	31.8	33.2

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RALCORP HOLDINGS, INC.  
UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS  
(in millions except per share data)

	Actual	Pro Forma	Actual	Pro Forma
	-----	-----	-----	-----
	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Nine Months Ended June 30, 1999	Nine Months Ended June 30, 1998
	-----	-----	-----	-----
<S> Net Sales	<C> \$ 154.4	<C> \$ 111.6	<C> \$ 459.6	<C> \$ 330.7
	-----	-----	-----	-----
Costs and Expenses				
Cost of products sold	114.6	78.0	335.2	228.1
Selling, general and administrative	21.2	19.7	64.6	57.7
Advertising and promotion	5.5	2.6	18.8	14.2
Interest expense (income), net	.5	(0.8)	.8	(2.6)
Equity in earnings of Vail Resorts, Inc.	(7.0)	(9.7)	(7.1)	(13.9)
	-----	-----	-----	-----
	134.8	89.8	412.3	283.5
	-----	-----	-----	-----
Earnings before Income Taxes	19.6	21.8	47.3	47.2



Income Taxes	7.5	8.0	18.0	17.9
	-----	-----	-----	-----
Net Earnings	\$ 12.1	\$ 13.8	\$ 29.3	\$ 29.3
	=====	=====	=====	=====
Basic Earnings per Share	\$ .39	\$ .42	\$ .94	\$ .89
	=====	=====	=====	=====
Diluted Earnings per Share	\$ .38	\$ .42	\$ .92	\$ .88
	=====	=====	=====	=====
Weighted Average Shares Outstanding - Basic	31.1	32.6	31.2	32.8
Weighted Average Shares Outstanding - Diluted	31.7	33.1	31.8	33.2

<FN>

Notes:

1. The accompanying unaudited pro forma combined statements of earnings for the three- and nine-month periods ended June 30, 1998 are presented to reflect the results of operations assuming the sale of the Company's branded baby food subsidiary, Beech-Nut Nutrition Corporation, had been completed as of the beginning of the prior fiscal year. These unaudited pro forma statements of earnings are for informational purposes only and may not necessarily reflect the results of operations that would have been achieved, nor are they necessarily indicative of future results of operations.
2. The weighted average shares outstanding used to compute earnings per share (basic and diluted) for the quarters and nine-month periods ended June 30, 1999 and 1998 are based on the weighted average number of shares of Ralcorp common stock outstanding for the periods then ended. In addition, the calculation of diluted earnings per share includes all other common stock equivalents.
3. Earnings per share (basic and diluted) are computed independently for each of the periods presented; therefore, the sum of the earnings per share (basic and diluted) amounts for the quarters may not total the year-to-date amounts.
4. Operating results for any quarter are not necessarily indicative of the results for any other quarter or for the full year.

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