

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2001-08-03** | Period of Report: **2001-08-03**
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FILER

UNIVERSAL CORP /VA/

CIK: **102037** | IRS No.: **540414210** | State of Incorporation: **VA** | Fiscal Year End: **0630**
Type: **8-K** | Act: **34** | File No.: **001-00652** | Film No.: **1696836**
SIC: **5150** Farm product raw materials

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RICHMOND VA 23260*

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STREET
PO BOX 25099
RICHMOND VA 23230
8043599311*

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: August 3, 2001
(Date of earliest event reported)

UNIVERSAL CORPORATION
(Exact Name of Registrant as Specified in its Charter)

| | | |
|---|-----------------------------------|--|
| Virginia (State or Other Jurisdiction of Incorporation) | 1-652 (Commission File Number) | 54-0414210 (IRS Employer Identification No.) |
|---|-----------------------------------|--|

| | |
|--|---------------------|
| 1501 North Hamilton Street Richmond, Virginia (Address of Principal Executive Offices) | 23230 (Zip Code) |
|--|---------------------|

Registrant's telephone number, including area code:
(804) 359-9311

Item 5. Other Events.

The press releases issued by the Registrant on August 2, 2001 attached hereto as Exhibit 99.1 and 99.2 are incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits.

| No. | Description |
|------|---|
| --- | ----- |
| 99.1 | Press release announcing fiscal year earnings.* |
| 99.2 | Press release announcing quarterly dividend.* |

*Filed Herewith

SIGNATURES

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

UNIVERSAL CORPORATION
(Registrant)

Date: August 3, 2001

By: /s/ George C. Freeman, III

George C. Freeman, III
General Counsel and Secretary

Exhibit Index

| Exhibit Number ----- | Document ----- |
|----------------------------|---|
| 99.1 | Press release announcing fiscal year earnings.* |
| 99.2 | Press release announcing quarterly dividend.* |

*Filed Herewith

Universal Corporation Logo

P.O. Box 25099 Richmond, VA 23260 o phone: (804) 359-9311 o fax (804) 254-3594

PRESS RELEASE

| CONTACT | RELEASE |
|-----------------------------------|-------------|
| Karen M. L. Whelan | Immediately |
| Phone: (804) 359-9311 | |
| Fax: (804) 254-3594 | |
| Email: investor@universalleaf.com | |

Universal Corporation Reports Fiscal Year Earnings
Richmond, VA, August 2, 2001 / PRNEWSWIRE

Henry H. Harrell, Chairman and Chief Executive Officer of Universal Corporation (NYSE: UUV), announced today that net earnings for the fiscal year ended June 30, 2001, were \$112.7 million or \$4.08 per diluted share. In its fourth fiscal quarter, the company earned \$24.0 million or \$.87 per diluted share. Results for the quarter and the year included restructuring charges of approximately \$8.7 million before taxes (\$5.6 million after taxes or \$.21 per diluted share). During the prior fiscal year, the company earned \$113.8 million (\$3.77 per diluted share) for the year and \$19.7 million (\$.69 per diluted share) for the quarter. Last year's fourth quarter results included restructuring charges of \$11.0 million (\$.25 per diluted share after taxes), which reduced annual results by \$.23 per diluted share after taxes.

"We are very pleased with our performance in a year when the company has continued to rationalize its operations around the world in response to a changing market environment," said Mr. Harrell. As a result of reductions in the size of and prospects for the tobacco crop in Poland, the company will close one processing plant there and streamline its agronomy and leaf purchasing operations. In addition, direct contracting with farmers led by major domestic manufacturers in the United States has caused the company to restructure its leaf purchasing operations, necessitating a reduction in personnel in the United States. Management expects these actions to provide the operational efficiencies necessary to retain the company's position as leading leaf merchant in both markets. Accordingly, in its fourth fiscal quarter, Universal recognized restructuring charges of almost \$9 million before taxes.

Revenues declined from \$3.4 billion in fiscal year 2000 to \$3.0 billion in the year ended June 30, 2001, primarily due to the effect of smaller U.S. crops and the change in U.S. market structure. Manufacturers purchased a significant portion of the U.S. burley crop directly from growers under contract arrangements. Although that change caused a reduction in Universal's

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purchasing volumes, the company continued to process its normal share of the crop. For the quarter, revenues were about \$616 million compared to \$585 million in the prior year as African tobaccos were shipped later in this fiscal year.

Results for Universal's tobacco segment improved slightly compared to last year. The favorable impact of increased volumes from the larger crops in Africa was offset by the effect of smaller crops in the United States, Brazil, Poland, and Hungary. The volume of tobacco that Universal processed in the United States declined in fiscal year 2001 as a result of a 27% reduction in U.S. flue-cured and burley crops. Shipment timing made comparisons for the oriental tobacco joint venture more difficult during this fiscal year as old crop shipments benefited results for fiscal year 2000. Market conditions improved during the year in most areas, although a world oversupply of filler grades of dark air-cured tobacco continues to have a negative effect on the company's results. Earnings for the tobacco segment in the fourth quarter were exceptionally strong as the large Zimbabwean crop was shipped later this year than last, due to delays in marketing that crop. Carryover shipments of dark tobacco also benefited the quarter, but these benefits were partially offset by delays in shipments of Asian tobacco. The effects of smaller crops in Eastern Europe also reduced results in the quarter.

Results in lumber and building products distribution improved in local currency for the quarter and the year, but U.S. dollar earnings for the year fell on translation as the euro weakened by 13%. During the fourth quarter, U.S. dollar results for this operation improved, reflecting the continuation of favorable sale trends and a smaller decline in the euro. Although tea markets showed improvement during the year, results of the agri-products business lagged last year's performance because of continued competitive pressures in sunflower seeds and adverse conditions in the company's rubber markets.

Universal's stock repurchase program is continuing. Since May 1998, the company has purchased over 9.3 million shares leaving approximately 27.2 million shares outstanding at June 30, 2001. Of the \$300 million authorized, the company had spent about \$253 million by June 30, 2001.

Mr. Harrell stated, "We are extremely pleased that the implementation of our strategy and hard work by our employees around the world have continued to provide the level and quality of earnings that we expect. Our operations have performed very well in view of the changing market conditions."

He continued, "Turning to the future, the prospect of smaller crops again for fiscal year 2002 in major exporting markets other than the United States could mean less than optimal supply in some areas. We continue to be concerned about political and economic conditions in Zimbabwe; however, the current crop is adequate to meet demand this year, and it is being delivered to the markets. Early data on seed sales suggest that next year's Zimbabwe crop will be similar in size to that of this year. U.S. crops are expected to be stable for the first time since 1997. We recently announced our decision to invest over \$130 million in a new

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state-of-the-art processing facility and the upgrade of a second facility in the United States to ensure that we can meet our customers' requirements at the highest level of efficiency. These facilities will become fully operational in fiscal years 2003 and 2004. We are confident that continued implementation of our strategy will lead to another successful year."

The company cautions readers that any forward-looking statements contained herein are based upon management's current knowledge and assumptions about future events, including anticipated levels of demand for and supply of the company's products and services, costs incurred in providing these products and services, timing of shipments to customers, and general economic, political, market, and weather conditions. Lumber and building products earnings are also affected by changes in exchange rates between the U.S. dollar and the euro. Actual results, therefore, could vary from those expected. For more details on factors that could affect expectations, see the Management's Discussion and Analysis section of the company's Annual Report on Form 10-K for the year ended June 30, 2000, as filed with the Securities and Exchange Commission. For more information, visit Universal's web site at www.universalcorp.com.

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<TABLE>

UNIVERSAL CORPORATION
UNAUDITED STATEMENTS OF INCOME
FOR THE QUARTERS ENDED JUNE 30
(Dollars in thousands, except per-share amounts)

<CAPTION>

| | 2001 ---- | 2000 ---- |
|-------------------------------------|--------------|--------------|
| <S> | <C> | <C> |
| Sales and other operating revenues | \$615,584 | \$585,321 |
| Costs and expenses | | |
| Cost of goods sold | 470,091 | 445,616 |
| Selling, general and administrative | 87,147 | 84,719 |
| Restructuring costs | 8,745 | 10,958 |
| | ----- | ----- |
| Operating income | 49,601 | 44,028 |

| | | |
|--|------------|------------|
| Equity in pretax earnings of unconsolidated affiliates | 4,597 | 4,424 |
| Interest expense | 14,486 | 16,395 |
| | ----- | ----- |
| Income before income taxes and other items | 39,712 | 32,057 |
| Income taxes | 13,170 | 11,510 |
| Minority interests | 2,567 | 850 |
| | ----- | ----- |
| Net income | \$23,975 | \$19,697 |
| | ===== | ===== |
| Earnings per share | \$.88 | \$.69 |
| Diluted earnings per share | \$.87 | \$.69 |
| Denominator for earnings per share (weighted average shares) | | |
| Basic | 27,351,929 | 28,532,200 |
| Diluted | 27,525,358 | 28,533,683 |

</TABLE>

See accompanying notes.

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<TABLE>

UNIVERSAL CORPORATION
UNAUDITED STATEMENTS OF INCOME
FOR THE YEARS ENDED JUNE 30
(Dollars in thousands, except per-share amounts)

<CAPTION>

| | 2001 | 2000 |
|--|-------------|-------------|
| | ----- | ---- |
| <S> | <C> | <C> |
| Sales and other operating revenues | \$3,017,579 | \$3,405,987 |
| Costs and expenses | | |
| Cost of goods sold | 2,486,275 | 2,862,616 |
| Selling, general and administrative | 283,777 | 298,489 |
| Restructuring costs | 8,745 | 10,958 |
| | ----- | ----- |
| Operating income | 238,782 | 233,924 |
| Equity in pretax earnings of unconsolidated affiliates | 10,189 | 12,532 |
| Interest expense | 61,576 | 56,869 |
| | ----- | ----- |
| Income before income taxes and other items | 187,395 | 189,587 |
| Income taxes | 66,336 | 68,221 |
| Minority interests | 8,390 | 7,561 |
| | ----- | ----- |
| Net income | \$ 112,669 | \$ 113,805 |
| | ===== | ===== |
| Earnings per share | \$4.09 | \$3.77 |
| Diluted earnings per share | \$4.08 | \$3.77 |
| Denominator for earnings per share (weighted average shares) | | |
| Basic | 27,534,027 | 30,199,037 |
| Diluted | 27,644,525 | 30,205,017 |

</TABLE>

See accompanying notes.

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NOTES

1. Presentation

Certain amounts in prior year statements have been reclassified to conform to current year's presentation.

2. Contingencies

At June 30, 2001, total exposure under guarantees issued for banking facilities of suppliers was approximately \$39 million. Other contingent liabilities approximated \$42 million and related to performance bonds, value-added tax guarantees, and accounts receivable sold with recourse. The company's Brazilian subsidiaries have been notified by the tax authorities of proposed adjustments to the income tax returns filed in prior years. The total contingent liability, including penalties and interest, approximates \$18 million. The company believes the Brazilian tax returns filed were in compliance with the applicable tax code. The numerous proposed adjustments vary in complexity and amounts. While it is not feasible to predict the precise amount or timing of each proposed adjustment, the company believes that the ultimate disposition will not have a material adverse effect on the company's consolidated financial position or results of operations.

3. Reportable Segment Data (in thousands)

<TABLE>

| Sales and other operating revenues | Three months | | Year | |
|--|--------------|-----------|-------------|-------------|
| | 2001 | 2000 | 2001 | 2000 |
| Periods ended June 30, | | | | |
| <S> | <C> | <C> | <C> | <C> |
| Tobacco | \$378,931 | \$329,788 | \$2,062,080 | \$2,376,869 |
| Lumber and building products | 127,033 | 134,958 | 498,615 | 543,850 |
| Agri-products | 109,620 | 120,575 | 456,884 | 485,268 |
| Total | \$615,584 | \$585,321 | \$3,017,579 | \$3,405,987 |
| Operating income | Three months | | Year | |
| Periods ended June 30, | 2001 | 2000 | 2001 | 2000 |
| Tobacco | \$58,632 | \$53,390 | \$239,557 | \$234,429 |
| Lumber and building products | 7,596 | 6,335 | 25,527 | 26,029 |
| Agri-products | 2,230 | 3,649 | 13,703 | 14,403 |
| Total segments | \$68,458 | \$63,374 | \$278,787 | \$274,861 |
| Less: Corporate expenses | 5,515 | 3,964 | 21,071 | 17,447 |
| Equity in pretax earnings of unconsolidated affiliates | 4,597 | 4,424 | 10,189 | 12,532 |
| Restructuring costs | 8,745 | 10,958 | 8,745 | 10,958 |
| Operating income | \$49,601 | \$44,028 | \$238,782 | \$233,924 |

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Universal Corporation Logo

P.O. Box 25099 Richmond, VA 23260 o phone: (804) 359-9311 o fax (804) 254-3594

PRESS RELEASE

| | |
|-----------------------------------|-------------|
| CONTACT | RELEASE |
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| Email: investor@universalleaf.com | |

Universal Corporation Announces Quarterly Dividend
Richmond, VA o August 2, 2001 / PRNEWSWIRE

Henry H. Harrell, Chairman and Chief Executive Officer of Universal Corporation announced that the company's Board of Directors has declared a quarterly dividend of thirty-two cents (\$.32) per share on the common shares of the company, payable November 12, 2001, to common shareholders of record at the close of business on October 9, 2001.

They also fixed the voting record date on September 4, 2001, for the annual meeting of shareholders to be held on October 23, 2001.

Universal Corporation is a diversified company with operations in tobacco, lumber, and agri-products. Universal Corporation's gross revenues for the fiscal year that ended on June 30, 2000, were approximately \$3.4 billion. For more information on Universal Corporation, visit its web site at www.universalcorp.com.

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