

UNIVERSAL CORP /VA/
Form 10-Q
February 07, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended December 31, 2007

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: 1-652

UNIVERSAL CORPORATION

(Exact name of registrant as specified in its charter)

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Virginia
(State or other jurisdiction of
incorporation or organization)

54-0414210
(I.R.S. Employer
Identification Number)

1501 North Hamilton Street,

Richmond, Virginia
(Address of principal executive offices)

23230
(Zip Code)

804-359-9311

(Registrant's telephone number, including area code)

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 the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

As of February 1, 2008, the total number of shares of common stock outstanding was 27,188,889.

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS
UNIVERSAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS****(In thousands of dollars, except per share data)**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2007	2006	2007	2006
	(Unaudited)		(Unaudited)	
Sales and other operating revenues	\$ 573,094	\$ 511,706	\$ 1,678,641	\$ 1,502,787
Costs and expenses				
Cost of goods sold	446,089	378,348	1,324,752	1,147,293
Selling, general and administrative expenses	47,869	63,010	165,545	204,637
Restructuring and impairment costs		3,519	3,304	15,808
Operating income	79,136	66,829	185,040	135,049
Equity in pretax earnings of unconsolidated affiliates	8,477	9,570	7,231	5,302
Interest income	4,453	4,208	13,317	7,188
Interest expense	10,314	14,347	32,274	41,961
Income before income taxes and other items	81,752	66,260	173,314	105,578
Income taxes	29,204	24,805	62,937	45,203
Minority interests, net of income taxes	1,796	5,676	974	1,085
Income from continuing operations	50,752	35,779	109,403	59,290
Loss from discontinued operations, net of income taxes		(11,674)	(145)	(34,454)
Net income	50,752	24,105	109,258	24,836
Dividends on convertible perpetual preferred stock	(3,712)	(3,713)	(11,137)	(10,973)
Earnings available to common shareholders	\$ 47,040	\$ 20,392	\$ 98,121	\$ 13,863
Basic earnings (loss) per common share:				
From continuing operations	\$ 1.72	\$ 1.24	\$ 3.60	\$ 1.87
From discontinued operations		(0.45)	(0.01)	(1.33)
Net income	\$ 1.72	\$ 0.79	\$ 3.59	\$ 0.54
Diluted earnings (loss) per common share:				
From continuing operations	\$ 1.56	\$ 1.17	\$ 3.38	\$ 1.87
From discontinued operations		(0.38)	(0.01)	(1.33)
Net income	\$ 1.56	\$ 0.79	\$ 3.37	\$ 0.54
Retained earnings - beginning of year			\$ 682,232	\$ 697,987
Net income			109,258	24,836

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Cash dividends declared:

Series B 6.75% Convertible Perpetual Preferred Stock	(11,137)	(10,973)
Common stock (2007 - \$1.32 per share; 2006 - \$1.29 per share)	(36,422)	(33,561)
Repurchase of common stock - cost in excess of stated capital amount	(3,513)	
Adoption of Financial Accounting Standards Board Interpretation 48 (FIN 48) as of April 1, 2007	(10,870)	
Retained earnings - end of period	\$ 729,548	\$ 678,289

See accompanying notes.

Table of Contents**UNIVERSAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(In thousands of dollars)

	December 31, 2007 (Unaudited)	December 31, 2006 (Unaudited)	March 31, 2007
ASSETS			
Current			
Cash and cash equivalents	\$ 502,277	\$ 220,438	\$ 358,236
Accounts receivable, net	233,861	289,548	261,106
Advances to suppliers, net	114,897	83,629	113,396
Accounts receivable - unconsolidated affiliates	46,732	43,709	37,290
Inventories - at lower of cost or market:			
Tobacco	486,785	656,329	595,901
Other	42,289	45,553	40,577
Prepaid income taxes	8,032	7,580	8,760
Deferred income taxes	19,158	27,443	25,182
Other current assets	58,264	52,511	62,480
Current assets of discontinued operations		75,482	42,437
Total current assets	1,512,295	1,502,222	1,545,365
Property, plant and equipment			
Land	17,061	17,141	16,640
Buildings	250,202	250,281	241,410
Machinery and equipment	515,870	521,608	512,586
	783,133	789,030	770,636
Less accumulated depreciation	(442,844)	(408,408)	(410,478)
	340,289	380,622	360,158
Other assets			
Goodwill and other intangibles	104,689	104,265	104,284
Investments in unconsolidated affiliates	114,622	94,242	104,316
Deferred income taxes	66,991	92,879	81,003
Other noncurrent assets	183,948	143,781	133,696
	470,250	435,167	423,299
Total assets	\$ 2,322,834	\$ 2,318,011	\$ 2,328,822

See accompanying notes.

Table of Contents**UNIVERSAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(In thousands of dollars)**

	December 31, 2007 (Unaudited)	December 31, 2006 (Unaudited)	March 31, 2007
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Notes payable and overdrafts	\$ 139,632	\$ 169,283	\$ 131,159
Accounts payable	173,864	192,797	220,181
Accounts payable - unconsolidated affiliates	8,815	10,730	644
Customer advances and deposits	86,099	122,086	133,608
Accrued compensation	15,007	13,858	18,519
Income taxes payable	12,712	23,763	11,549
Current portion of long-term obligations	150,000	22,513	164,000
Current liabilities of discontinued operations		15,816	13,314
Total current liabilities	586,129	570,846	692,974
Long-term obligations	400,644	548,769	398,952
Pensions and other postretirement benefits	98,242	81,383	100,004
Other long-term liabilities	73,322	76,839	70,528
Deferred income taxes	47,881	34,038	29,809
Total liabilities	1,206,218	1,311,875	1,292,267
Minority interests	6,985	14,934	5,822
Shareholders' equity			
Preferred stock:			
Series A Junior Participating Preferred Stock, no par value, 500,000 shares authorized, none issued or outstanding			
Series B 6.75% Convertible Perpetual Preferred Stock, no par value, 5,000,000 shares authorized, 219,999 shares issued and outstanding (220,000 at December 31, 2006, and March 31, 2007)	213,023	213,024	213,024