

Post Holdings, Inc. -- Brentwood, MO -- Post provides update on avian influenza outbreak

Post Holdings Inc on May 27 provided an additional update on the recent avian influenza outbreak affecting its egg business and conveyed the outbreak has had a detrimental affect on its affiliate, Michael Foods Group Inc.

According to Post, a third company-owned chicken flock in Nebraska has tested positive for avian influenza. This brings the total affected supply to approximately 35% of the company's volume commitments as determined prior to the recognition of the outbreak.

Post explained its management has determined that the ongoing avian influenza outbreak constitutes a "force majeure" event with respect to its Michael Foods egg business. Post noted the effect of which renders Michael Foods unable to fully perform under its

existing supply agreements with customers.

Michael Foods, Post said, continues to take various effective measures to partially mitigate the financial impact, including discontinuation of certain product lines and appropriate pricing actions.

Earlier this month, Post provided adjusted earnings before interest, taxes, depreciation, and amortization (adjusted EBITDA) guidance for fiscal 2015 of between \$585 million and \$610 million. That guidance included an estimated negative impact of \$20 million related to avian influenza based on information available at that time, however, the guidance did not include the most recent avian influenza outbreak.

Post said the financial impact of the recent avian influenza outbreak is being estimated at this time.

In a May 8 filing with the Securities and Exchange Commission

(SEC), Post said net sales for Michael Foods grew to \$550.3 million for the three months ended March 31 from \$66.7 million in last year's second quarter. Net sales for the egg, potato and cheese businesses rose 2% on higher volumes for the three months ended March 31 compared to the prior year period, which was prior to Post Holdings, Inc.'s ownership.

Michael Foods' net sales increased \$1.08 billion to \$1.1 billion for the fiscal 2015 six month period ended March 31. Profit for Michael Foods in the second quarter rose \$41 million compared to last year to \$39.8 million. This growth was primarily due to an increase in net sales.

For the six months ended March 31, Michael Foods' profit increased \$83.1 million to \$81.9 million.

Last May, Post completed the purchase of Hopkins, MN-based MFI Holding Corporation, the parent company of Michael Foods Group Inc, and its related entities for \$2.45 billion. Michael Foods produces a broad range of value-added egg products,

potato

products, and cheese and dairy-case foods. (#854113)

**A new case of avian bird flu in Nebraska nearly doubled the number of chickens affected** by the disease in the state. The preliminary positive test on a flock of 3 million birds brings the state total to 7 million affected out of Nebraskas total flock of about 9.5 million hens, reported *Omaha World-Herald*. [Full Story](#).

**Three new cases of avian flu were reported on Minnesota farms**, bringing the total number to 97. One of the farms is in Kandiyohi County, where a total of 37 commercial turkey farms affected by the disease, the most in the state, reported *St. Paul Pioneer-Press*. [Full Story](#)