Post Holdings, Inc.
Form 10-Q
August 07, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 30, 2015
OR
o 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: 1-35305
Post Holdings, Inc.
(Exact name of registrant as specified in its charter)

Missouri (State or other jurisdiction of incorporation or organization)	45-3355106 (I.R.S. Employer Identification No.)

2503 S. Hanley Road
St. Louis, Missouri 63144
(Address of principal executive offices) (Zip Code)
(314) 644-7600
(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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
Common stock, $0.01 Par Value – 54,852,040 shares as of August 3, 2015

POST HOLDINGS, INC.
QUARTERLY REPORT ON FORM 10-Q
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PART I. FINANCIAL INFORMATION.
ITEM 1. FINANCIAL STATEMENTS.
POST HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in millions, except per share data)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2015	2014	2015	2014
Net Sales	$1,211.8	$633.0	$3,338.4	$1,368.0
Cost of goods sold	895.3	484.4	2,497.3	975.5
Gross Profit	316.5	148.6	841.1	392.5
Selling, general and administrative expenses	193.3	119.9	536.9	320.3
Amortization of intangible assets	36.7	20.4	103.9	38.8
Other operating expenses, net	5.2	0.3	28.4	0.5
Operating Profit	81.3	8.0	171.9	32.9
Interest expense, net	65.0	57.0	184.9	123.3
Other (income) expense	(41.9)	6.8	41.5	6.8
Earnings (Loss) before Income Taxes	58.2	(55.8)	(54.5)	(97.2)
Income tax expense (benefit)	34.2	(20.7)	(11.7)	(41.4)
Net Earnings (Loss)	24.0	(35.1)	(42.8)	(55.8)
Preferred stock dividends	(4.2)	(4.2)	(12.7)	(11.1)
Net Earnings (Loss) Available to Common Shareholders	$19.8	$(39.3)	$(55.5)	$(66.9)
Earnings (Loss) per Common Share:				
Basic	$0.34	$(0.92)	$(1.02)	$(1.84)
Diluted	$0.33	$(0.92)	$(1.02)	$(1.84)
Weighted-Average Common Shares Outstanding:				
Basic	58.9	42.6	54.4	36.3
Diluted	60.8	42.6	54.4	36.3

See accompanying Notes to Condensed Consolidated Financial Statements.

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POST HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)
(in millions)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2015	2014	2015	2014
Net Earnings (Loss)	$24.0	$(35.1)	$(42.8)	$(55.8)
Amortization of actuarial loss (benefit) and prior service cost for pension and postretirement benefits, net of tax benefit of $(0.1), $0.1, $0.0 and $0.3, respectively	0.2	(0.1)	0.8	(0.4)
Foreign currency translation adjustments	7.2	12.4	(33.7)	10.9
Total Comprehensive Income (Loss)	$31.4	$(22.8)	$(75.7)	$(45.3)

See accompanying Notes to Condensed Consolidated Financial Statements.

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POST HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(in millions)

	June 30, 2015	September 30, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	$274.3	$268.4
Restricted cash	10.7	84.8
Receivables, net	399.2	413.7
Inventories	491.3	380.7
Deferred income taxes	22.8	27.0
Prepaid expenses and other current assets	71.0	44.4
Total Current Assets	1,269.3	1,219.0
Property, net	1,344.6	831.9
Goodwill	3,142.1	2,886.7
Other intangible assets, net	3,019.1	2,643.0
Other assets	84.6	150.5
Total Assets	$8,859.7	$7,731.1
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Current Liabilities		
Current portion of long-term debt	$32.1	$25.6
Accounts payable	258.2	225.0
Other current liabilities	295.3	269.3
Total Current Liabilities	585.6	519.9
Long-term debt	4,495.9	3,830.5
Deferred income taxes	871.5	915.1
Other liabilities	237.7	182.4
Total Liabilities	6,190.7	5,447.9
Shareholders’ Equity		
Preferred stock	0.1	0.1
Common stock	0.6	0.5
Additional paid-in capital	3,130.7	2,669.3
Accumulated deficit	(348.5)	(305.7)
Accumulated other comprehensive loss	(60.5)	(27.6)
Treasury stock, at cost	(53.4)	(53.4)
Total Shareholders’ Equity	2,669.0	2,283.2
Total Liabilities and Shareholders’ Equity	$8,859.7	$7,731.1

See accompanying Notes to Condensed Consolidated Financial Statements.

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POST HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in millions)

	Nine Months Ended June 30,	
	2015	2014
Cash Flows from Operating Activities		
Net Loss	$(42.8)	$(55.8)
Adjustments to reconcile net loss to net cash flow provided by operating activities:		
Depreciation and amortization	196.7	93.9
Premium from issuance of long-term debt	—	20.1
Loss on interest rate swaps	41.5	11.8
Loss on foreign currency	1.8	6.1
Loss on assets held for sale	27.4	—
Stock-based compensation expense	20.2	11.0
Deferred income taxes	(60.9)	(38.1)
Other, net	3.0	11.1
Other changes in current assets and liabilities, net of business acquisitions:		
Decrease (increase) in receivables, net	69.0	(33.6)
Decrease in inventories	17.0	16.4
Increase in prepaid expenses and other current assets	(1.7)	(1.7)
(Decrease) increase in accounts payable and other current and non-current liabilities	(9.5)	33.3
Net Cash Provided by Operating Activities	261.7	74.5
Cash Flows from Investing Activities		
Business acquisitions, net of cash acquired	(1,240.4)	(3,543.7)
Additions to property	(74.3)	(78.7)
Restricted cash	74.0	34.8
Insurance proceeds on property losses	1.8	—
Other, net	0.2	—
Net Cash Used by Investing Activities	(1,238.7)	(3,587.6)
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt	696.5	2,385.6
Proceeds from issuance of preferred stock, net of issuance costs	—	310.2
Proceeds from issuance of common stock, net of issuance costs	341.4	593.4
Proceeds from issuance of debt component of tangible equity units	—	41.8
Proceeds from issuance of equity component of tangible equity units, net of issuance costs	—	238.1
Repayments of long-term debt	(20.7)	—
Payment of preferred stock dividend	(12.8)	(10.2)
Payments of debt issuance costs (Note 14)	(18.5)	(63.8)
Other, net	(1.7)	0.2
Net Cash Provided by Financing Activities	984.2	3,495.3
Effect of Exchange Rate Changes on Cash	(1.3)	(6.9)
Net Increase (Decrease) in Cash and Cash Equivalents	5.9	(24.7)
Cash and Cash Equivalents, Beginning of Year	268.4	402.0
Cash and Cash Equivalents, End of Period	$274.3	$377.3

See accompanying Notes to Condensed Consolidated Financial Statements.

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POST HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(in millions, except per share information and where indicated otherwise)

NOTE 1 — BASIS OF PRESENTATION

These unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”), under the rules and regulations of the United States Securities and Exchange Commission (the “SEC”), and on a basis substantially consistent with the audited consolidated financial statements of Post Holdings, Inc. (herein referred to as “Post,” “the Company,” “us,” “our” or “we”) as of and for the fiscal year ended September 30, 2014. These unaudited condensed consolidated financial statements should be read in conjunction with such audited consolidated financial statements, which are included in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2014, portions of which were recast in the Company’s Current Report on Form 8-K filed with the SEC on May 11, 2015.

These unaudited condensed consolidated financial statements include all adjustments (consisting of normal recurring adjustments and accruals) that management considers necessary for a fair statement of the Company’s financial position, results of operations, comprehensive income (loss) and cash flows for the interim periods presented. Interim results are not necessarily indicative of the results for any other interim period or for the entire fiscal year. Certain prior year amounts have been reclassified to conform with the 2015 presentation.

Related to the closures of its Modesto, California and Boise, Idaho facilities, as well as the sale of a peanut butter manufacturing facility located in Portales, New Mexico (completed July 29, 2015) and the sale of its Australian business and Musashi trademark (completed July 1, 2015), the Company had assets and liabilities classified as held for sale at June 30, 2015. Net losses of $4.9 and $27.4 were recorded in the three and nine months ended June 30, 2015, respectively, to adjust the carrying value of the assets to their estimated fair value less estimated selling costs. These amounts include $0.3 of foreign exchange losses that were previously included in accumulated other comprehensive income. The losses are included in “Other operating expenses, net” on the Condensed Consolidated Statements of Operations. For additional information, see Note 12.

On May 4, 2015, Post completed the acquisition of MOM Brands Company (“MOM Brands”). MOM Brands operates on a different fiscal calendar than Post. The quarter close date for MOM Brands was June 27, 2015 and results have not been adjusted to conform with Post’s fiscal calendar.

NOTE 2 - RECENTLY ISSUED AND ADOPTED ACCOUNTING STANDARDS

In the quarter ended June 30, 2015, Post early adopted Accounting Standards Update (“ASU”) 2014-08 “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity” issued by the Financial Accounting Standards Board (“FASB”) in April 2014. ASU 2014-08 provides a revised definition of discontinued operations. The standard update requires that only disposals of components of an entity (or groups of components) that represent a strategic shift that has or will have a major effect on the reporting entity’s operations are reported in the financial statements as discontinued operations. The standard also provides guidance on the financial statement presentations and disclosures of discontinued operations. The implementation of this standard did not have a significant impact on the Company’s consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03 “Simplifying the Presentation of Debt Issuance Costs,” which changes the presentation of debt issuance costs in financial statements. The standards update requires an entity to present debt issuance costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. The ASU requires retrospective application and is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, with early adoption permitted. The Company is currently in the process of determining the method of adoption and evaluating the impact of adopting this guidance.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which will supersede all existing revenue recognition guidance under GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In July 2015, the FASB made its final decision to defer the adoption of this standard update one year, making it effective for annual and interim periods beginning on or after December 15, 2017 (i.e. Post’s financial statements for the year ending September 30, 2019), and adoption is not permitted prior to the original effective date of the ASU (i.e. Post’s financial statements for the year ending September 30, 2018). Entities will have the option of using either a full retrospective approach or a modified approach to adopt the guidance in the ASU. The Company is currently in the process of determining the method of adoption and evaluating the impact of adopting this guidance.

NOTE 3 — RESTRUCTURING

In May 2015, the Company announced its plan to consolidate its administrative offices supporting its cereal businesses in Lakeville, Minnesota. As a result of the announcement, the Company plans to close its office located in Parsippany, New Jersey

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and relocate certain functions located in Battle Creek, Michigan to the Lakeville office. The office closure is expected to be completed by May 2016.

In March 2015, the Company announced its plan to close its facility in Boise, Idaho, which manufactures certain PowerBar products distributed in North America. Plant production ceased in June 2015.

In April 2013, the Company announced management's decision to close its plant located in Modesto, California as part of a cost savings and capacity rationalization effort. The transfer of production capabilities and closure of the plant was completed during September 2014, and no additional costs were incurred in the nine months ended June 30, 2015.

Restructuring charges and the related liabilities are shown in the following table.

	Employee-Related Costs	Pension Curtailment	Accelerated Depreciation	Total
Balance at September 30, 2013	$ 2.1	$—	$—	$2.1
Charge to expense	0.9	—	6.8	7.7
Cash payments	(0.9)	—	—	(0.9)
Non-cash charges	—	—	(6.8)	(6.8)
Balance at June 30, 2014	$ 2.1	$—	$—	$2.1
Balance at September 30, 2014	$ 0.7	$—	$—	$0.7
Charge to expense	12.8	—	1.0	13.8
Cash payments	(0.8)	—	—	(0.8)
Non-cash charges	—	—	(1.0)	(1.0)
Balance at June 30, 2015	$ 12.7	$—	$—	$12.7
Total expected restructuring charge	$ 16.0	$1.7	$20.7	$38.4
Cumulative restructuring charges incurred to date	16.0	1.7	18.6	36.3
Remaining expected restructuring charge	$ —	$—	$2.1	$2.1

In the three and nine months ended June 30, 2015, the Company incurred total restructuring charges of $10.7 and $13.8, respectively, which were reported in "Selling, general and administrative expenses" in the Condensed Consolidated Statements of Operations. In the three and nine months ended June 30, 2014, total restructuring charges of $2.3 and $7.7, respectively, were reported in the Condensed Consolidated Statements of Operations. Of the total restructuring charges, $0.2 and $0.9 were reported in "Selling, general and administrative expenses" for the three and nine months ended June 30, 2014, respectively. The remaining costs were included in "Cost of good sold." These expenses are not included in the measure of segment performance for any segment (see Note 16).

NOTE 4 — BUSINESS COMBINATIONS

On May 4, 2015, Post completed its acquisition of MOM Brands, a manufacturer and distributer of ready-to-eat ("RTE") cereals. MOM Brands is reported in the Post Consumer Brands segment (see Note 16). The closing purchase price of the transaction was $1,181.5 and was partially paid by the issuance of 2.45 million shares of the Company's common stock to the former owners of MOM Brands. The shares were valued at the May 1, 2015 closing price of $46.60 per share for a total issuance of $114.4. The parties have not yet agreed on the final net working capital adjustment. However, Post currently estimates the final net working capital settlement will result in an amount due back to Post of approximately $6.0. Net sales and operating loss included in the Condensed Consolidated Statements of Operations related to MOM Brands were $122.6 and $(0.5), respectively, for both the three and nine months ended June 30, 2015. Based upon the preliminary purchase price allocation, the Company has recorded $185.6 of customer relationships to be amortized over a weighted-average period of 20 years and $178.8 to trademarks and brands to be amortized over a weighted-average period of 20 years.

On November 1, 2014, the Company completed its acquisition of American Blanching Company ("ABC") for $128.0. ABC is a manufacturer of peanut butter for national brands, private label retail and industrial markets and provider of peanut blanching, granulation and roasting services for the commercial peanut industry. ABC is reported in Post's Private Brands segment (see Note 16). Based upon the preliminary purchase price allocation, the Company has recorded $63.9 of customer relationships to be amortized over a weighted-average period of 17 years and $8.0 to trademarks and brands to be amortized over a weighted-average period of 10 years. ABC’s operations have been integrated into the Company’s existing peanut butter business, and due to the level of integration, discrete sales and operating profit data is not available for ABC, which is discussed further below.

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On October 1, 2014, the Company completed its acquisition of the PowerBar and Musashi brands and related worldwide assets from Nestlé S.A (“PowerBar”) for $150.0, subject to a working capital adjustment, which resulted in a payment at closing of $136.1. In March 2015, a final settlement of net working capital and other adjustments was reached, resulting in an amount back to the Company of approximately $1.7. PowerBar is reported in Post’s Active Nutrition segment (see Note 16). Based upon the preliminary purchase price allocation, the Company has recorded $21.0 of customer relationships to be amortized over a weighted-average period of 18.3 years and $40.0 to trademarks and brands to be amortized over a weighted-average period of 20 years. Net sales and operating loss included in the Condensed Consolidated Statements of Operations related to PowerBar were $40.4 and $(3.7), respectively, for the three months ended June 30, 2015 and $106.6 and $(16.2), respectively, for the nine months ended June 30, 2015.

On August 1, 2014, Post Foods, LLC, a subsidiary of the Company, acquired a cereal brand and related inventory for $20.4. The brand is reported as part of the Post Consumer Brands segment.

On June 2, 2014, the Company completed its acquisition of MFI Holding Corporation (“Michael Foods”), which is reported in Post’s Michael Foods Group segment (see Note 16). Michael Foods manufactures and distributes egg products, refrigerated potato products and also distributes cheese and other dairy case products to the retail, food service and food ingredient channels. Net sales and operating profit included in the Condensed Consolidated Statements of Operations related to this acquisition were $495.4 and $43.2, respectively, for the three months ended June 30, 2015 and $1,511.6 and $112.1, respectively, for the nine months ended June 30, 2015. In fiscal 2014, net sales and operating loss included in the Condensed Consolidated Statements of Operations related to this acquisition were $150.5 and $(12.5), respectively, for both the three and nine months ended June 30, 2014.

On February 1, 2014, Post completed its acquisition of Golden Boy Foods Ltd. (“Golden Boy”), a manufacturer of private label peanut and other nut butters, as well as dried fruits and baking and snacking nuts. Golden Boy is reported in Post’s Private Brands segment (see Note 16). Net sales and operating profit included in the Condensed Consolidated Statements of Operations related to this acquisition were $109.4 and $7.1, respectively, for the three months ended June 30, 2015 and $309.9 and $3.1, respectively, for the nine months ended June 30, 2015. These net sales and operating profit amounts are inclusive of ABC. For fiscal 2014, net sales and operating profit included in the Condensed Consolidated Statements of Operations related to this acquisition were $71.9 and $3.1, respectively, for the three months ended June 30, 2014 and $110.9 and $5.0, respectively, for the nine months ended June 30, 2014.

On February 1, 2014, Post completed its acquisition of Dymatize Enterprises, LLC (“Dymatize”), a manufacturer and marketer of protein powders and bars and nutritional supplements. Dymatize is reported in Post’s Active Nutrition segment (see Note 16). Net sales and operating loss included in the Condensed Consolidated Statements of Operations were $47.2 and $(4.0), respectively, for the three months ended June 30, 2015 and $142.3 and $(13.6), respectively, for the nine months ended June 30, 2015. In fiscal 2014, net sales and operating loss included in the Condensed Consolidated Statements of Operations related to Dymatize were $47.6 and $(3.2), respectively, for the three months ended June 30, 2014 and $75.8 and $(5.7), respectively, for the nine months ended June 30, 2014.

On January 1, 2014, Post completed its acquisition of Agricore United Holdings Inc. (“Agricore”) from Viterra Inc. Agricore is the parent company of Dakota Growers Pasta Company, Inc. (“Dakota Growers”), a manufacturer of dry pasta for the private label, foodservice and ingredient markets. Dakota Growers is reported in Post’s Michael Foods Group segment (see Note 16). Net sales and operating profit included in the Condensed Consolidated Statements of Operations related to Dakota Growers were $69.3 and $5.2, respectively, for the three months ended June 30, 2015 and $202.7 and $18.2, respectively, for the nine months ended June 30, 2015. In fiscal 2014, net sales and operating profit included in the Condensed Consolidated Statements of Operations related to this acquisition were $62.2 and $2.9, respectively, for the three months ended June 30, 2014 and $128.9 and $1.7, respectively, for the nine months ended June 30, 2014.

Each of the acquisitions was accounted for using the acquisition method of accounting, whereby the results of operations are included in the financial statements from the date of acquisition. The respective purchase prices were allocated to acquired assets and assumed liabilities based on their estimated fair values at the date of acquisition, and any excess was allocated to goodwill, as shown in the table below. Goodwill represents the value the Company expects to achieve through the implementation of operational synergies and the expansion of the business into new or

growing segments of the industry. The Company expects substantially all of the final fair value of goodwill related to the acquisitions of PowerBar and MOM Brands to be deductible for U.S. income tax purposes and does not expect the final fair value of goodwill related to the acquisition of ABC to be deductible for U.S. income tax purposes.
Certain estimated values for the PowerBar, ABC and MOM Brands acquisitions, including goodwill, intangible assets, inventory and deferred taxes, are not yet finalized pending the final purchase price allocations and are subject to change once additional information is obtained.
The following table provides the allocation of the purchase price based upon the fair value of assets and liabilities assumed for each acquisition completed in fiscal 2015.

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	PowerBar	ABC	MOM Brands
Cash and cash equivalents	$2.4	$0.6	$11.1
Receivables	6.5	12.8	41.7
Inventories	23.1	15.5	97.9
Prepaid expenses and other current assets	0.1	0.4	6.2
Property	17.9	19.7	532.1
Goodwill	18.8	49.6	196.7
Other intangible assets	61.0	71.9	364.4
Deferred tax asset - long-term	11.7	—	—
Other assets	—	0.4	—
Accounts payable	(1.2)	(9.0)	(43.0)
Deferred tax liability - current	(0.2)	(0.4)	(5.4)
Other current liabilities	(4.6)	(2.8)	(19.3)
Deferred tax liability - long-term	(1.1)	(30.7)	(6.9)
Total acquisition cost	$134.4	$128.0	$1,175.5

The following table summarizes the provisional amounts recognized related to fiscal 2014 acquisitions as of September 30, 2014, as well as measurement period adjustments made in the nine months ended June 30, 2015 (all of which were recorded in the quarter ended March 31, 2015). The adjustments did not have a significant impact on the consolidated statements of operations, balance sheets or cash flows in any period; therefore, the financial statements have not been retrospectively adjusted.

	Acquisition Date Amounts Recognized as of September 30, 2014 (a)	Adjustments During the Nine Months Ended June 30, 2015	Acquisition Date Amounts Recognized (as Adjusted)
Cash and cash equivalents	$73.8	$—	$73.8
Restricted cash	3.4	—	3.4
Receivables (b) (d)	219.6	(0.3)	219.3
Income tax receivable	62.5	—	62.5
Inventories	289.9	—	289.9
Deferred tax asset - current (b)	5.4	0.7	6.1
Prepaid expenses and other current assets	9.3	—	9.3
Property	440.5	—	440.5
Goodwill	1,605.4	5.2	1,610.6
Other intangible assets	1,883.7	—	1,883.7
Other assets	9.1	—	9.1
Current portion of long-term debt	(3.7)	—	(3.7)
Accounts payable (d)	(142.6)	0.2	(142.4)
Other current liabilities (d)	(121.5)	(0.3)	(121.8)
Long-term debt	(8.4)	—	(8.4)
Deferred tax liability - long-term (b)	(697.1)	7.0	(690.1)
Other liabilities (b)	(11.8)	(9.0)	(20.8)
Total acquisition cost (c)	$3,617.5	$3.5	$3,621.0

Adjustments during the nine months ended June 30, 2015:

(a) As previously reported in Post’s Current Report on Form 8-K filed with the SEC on May 11, 2015;

(b) The adjustments to “Receivables,” “Deferred income taxes” and “Other liabilities” reflect: 1) the impact on deferred tax assets and related reserves for uncertain tax positions of certain state tax elections made on final pre-acquisition short

period tax returns and 2) the impact of certain return to provision adjustments;
(c) Dymatize working capital adjustment; and

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(d) Other Dymatize adjustments

The following unaudited pro forma information presents a summary of the results of operations of the Company combined with the aggregate results of Dakota Growers, Dymatize, Golden Boy, Michael Foods, PowerBar, ABC and MOM Brands for the periods presented as if the fiscal 2015 acquisitions had occurred on October 1, 2013 and the fiscal 2014 acquisitions had occurred on October 1, 2012, along with certain pro forma adjustments. These pro forma adjustments give effect to the amortization of certain definite-lived intangible assets, adjusted depreciation based upon fair value of assets acquired, interest expense related to the financing of the business combinations, and related income taxes. The following unaudited pro forma information has been prepared for comparative purposes only and is not necessarily indicative of the results of operations as they would have been had the acquisitions occurred on the assumed dates, nor is it necessarily an indication of future operating results.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2015	2014	2015	2014
Pro forma net sales	$1,283.7	$1,245.5	$3,813.3	$3,689.1
Pro forma net income (loss) available to common shareholders	45.9	(18.3)	(3.2)	(45.8)
Pro forma basic income (loss) per share	$0.78	$(0.43)	$(0.06)	$(1.26)
Pro forma diluted income (loss) per share	$0.75	$(0.43)	$(0.06)	$(1.26)

NOTE 5 — GOODWILL

The changes in the carrying amount of goodwill by segment are noted in the following table.

	Post Consumer Brands	Michael Foods Group	Active Nutrition	Private Brands	Total
Balance, September 30, 2014					
Goodwill (gross)	$1,799.3	$1,347.2	$151.3	$229.3	$3,527.1
Accumulated impairment losses	(609.1)	—	(31.3)	—	(640.4)
Goodwill (net)	$1,190.2	$1,347.2	$120.0	$229.3	$2,886.7
Goodwill acquired	196.7	—	18.8	49.6	265.1
Acquisition related adjustment	—	(5.6)	10.8	—	5.2
Currency translation adjustment	(0.6)	—	—	(14.3)	(14.9)
Balance, June 30, 2015					
Goodwill (gross)	$1,995.4	$1,341.6	$180.9	$264.6	$3,782.5
Accumulated impairment losses	(609.1)	—	(31.3)	—	(640.4)
Goodwill (net)	$1,386.3	$1,341.6	$149.6	$264.6	$3,142.1

NOTE 6 — INCOME TAXES

For the three and nine months ended June 30, 2015, the effective income tax rate is 58.8% and 21.5%, respectively. In accordance with Accounting Standards Codification (“ASC”) Topic 740, the Company has recorded tax expense for the three and nine months ended June 30, 2015 using the estimated annual effective tax rate for the Company’s full fiscal year. The estimated annual effective tax rate differs significantly from the statutory tax rate primarily due to the Company’s estimate of full year earnings before income taxes which causes small variations in estimated permanent differences to have a magnified impact on the effective income tax rate percentage, the expectation that nondeductible merger and acquisition expenses and other permanently nondeductible expenses will have an unfavorable impact on the effective income tax rate and the expectation that the Domestic Production Activities Deduction and tax planning strategies implemented for certain recent acquisitions will have a favorable impact on the effective income tax rate.

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NOTE 7 — INTANGIBLE ASSETS, NET

Total intangible assets are as follows:

	June 30, 2015			September 30, 2014		
	Carrying Amount	Accumulated Amortization	Net Amount	Carrying Amount	Accumulated Amortization	Net Amount
Subject to amortization:						
Customer relationships	$2,004.4	$(166.3)	$1,838.1	$1,743.7	$(90.9)	$1,652.8
Trademarks/brands	782.9	(69.1)	713.8	554.7	(43.9)	510.8
Other intangible assets	22.8	(5.1)	17.7	24.7	(3.0)	21.7
	2,810.1	(240.5)	2,569.6	2,323.1	(137.8)	2,185.3
Not subject to amortization:						
Trademarks/brands	449.5	—	449.5	457.7	—	457.7
	$3,259.6	$(240.5)	$3,019.1	$2,780.8	$(137.8)	$2,643.0

NOTE 8 — EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is based on the average number of common shares outstanding during the period. Diluted earnings (loss) per share is based on the average number of shares used for the basic earnings per share calculation, adjusted for the dilutive effect of stock options, stock appreciation rights and restricted stock equivalents using the "treasury stock" method. The impact of potentially dilutive convertible preferred stock is calculated using the "if-converted" method. The Company's tangible equity units ("TEUs") are assumed to be settled at the minimum settlement amount of 1.7114 shares per TEU for weighted-average shares for basic earnings (loss) per share. For diluted earnings (loss) per share, the shares, to the extent dilutive, are assumed to be settled at a conversion factor based on the Company's daily volume-weighted average price per share of the Company's common stock not to exceed 2.0964 shares per TEU.

The following table sets forth the computation of basic and diluted earnings (loss) per share for the three and nine months ended June 30, 2015 and 2014.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2015	2014	2015	2014
Net earnings for basic earnings (loss) per share	$19.8	$(39.3)	$(55.5)	$(66.9)
Net earnings for diluted earnings (loss) per share	$19.8	$(39.3)	$(55.5)	$(66.9)
Weighted-average shares outstanding	54.0	42.6	49.5	36.3
Effect of TEUs on weighted-average shares for basic earnings (loss) per share	4.9	—	4.9	—
Weighted-average shares for basic earnings (loss) per share	58.9	42.6	54.4	36.3
Effect of dilutive securities:				
Stock options				